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THE PRESENT CRISIS IN DEMOCRACY

By A. Lawrence Lowell

THE SUBJECT I have been asked to treat is as vast and complex as any that has occupied the mind in relation to human affairs. It will engage men's thoughts and fill the time of publicists and historians as long as life endures upon this planet. Anything that one can write about it briefly must be fragmentary and superficial — at best a touching of a few obvious points, like the description by an aviator of the life in a great city gathered from a flight over its dwellings, temples and skyscrapers, with a vague glimpse of the throngs in the streets.

We are, no doubt, nearer to a time when a rough estimate of the working of democracy can be made than we were in the past, because the extension of the suffrage to all adult men and women has reached its limit in several large nations. Heretofore, sanguine folks among the discontented could always attribute the defects they saw to the lack of representation of some element in the people. But now we are all aboard the ship, elect our officers, vote on the course to be taken, and hope it will bring us to the harbor we long to reach. We are not all agreed upon the precise harbor, and none of us are expert navigators; but we trust that we are learning how to steer and whither we are bound. At any rate, in a complete democracy no one can complain that he has not a chance to be heard. In that sense democracy has come of age, and its qualities and temperament can at least be estimated.

On the other hand, the whole world is in a state of hysteria caused by the nervous strain of the World War, which was followed here by the intoxication of unusual prosperity, and then everywhere by the harassing uncertainty of the depression. All of these are perfectly natural consequences of the war; but they indicate material and mental states quite out of the ordinary. It is not fair to rate the soundness of a man's judgment by his be-

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havior when fighting, when drunk, or when scared. Nor can we measure democracy by events that occur under highly abnormal conditions. When President Harding told the country to return to normalcy he was urging what did not — and as we now see could not — take place; for human nature being as it is, speculation and inflated prices followed by a collapse were almost inevitable. He proved to be as mistaken a prophet as President Wilson was when he said that we were fighting in the war to make the world safe for democracy; for three of the largest nations engaged have since repudiated popular government altogether, two of them on the side of the victors, and one of the vanquished. None of them had, indeed, enjoyed it very long; one never had it, and all three accepted autocratic control under circumstances so peculiar that their action throws little light on our own prosperity or on the future of democracy. More ominous, in some ways, is the grant, under the stress of economic suffering and perplexity, of extraordinary powers to the Executive here in time of peace. Does this indicate a tendency that is likely to be permanent, or is it the result of conditions that will pass away? Constant improvements in machinery, the greater efficiency of labor, the concentration of industry, commerce and banking in huge groups directed by a few men, have caused an increase of control by the government, and an expansion of the bureaucracy that carries it out. But will these changes undermine the basic principles of democracy as they have been understood and practiced in most of the progressive countries?

The ancients taught that in the nature of things democracy is replaced by autocracy; this, in turn, by aristocracy, yielding again to democracy; and so the circle goes on like the phases of the moon. This rotation is altogether too simple. We must approach the question from a different angle. Democracy certainly will not be effaced by the stronger attraction of some conflicting political theory; for history records few cases where vigorous institutions have been destroyed by force or influence outside themselves. They first became enfeebled by apathy, or by failure to keep abreast of existing conditions, and their death is more akin to suicide than murder, although there may be violent scenes at the end. The life of democracy will depend upon its fruits. If they are good it will endure; if not, it will pass into the crowded sepulchre of well-meant experiments. We may ask, therefore, to what extent the benefits and defects that we associate with democracy

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have resulted from it; how far they have been due to other social causes that have in turn helped to promote it; how far they are all the product of a common movement; and how far its effects tend to its permanence or discredit. These are huge questions not to be encompassed here; but one may take two or three examples of things better and worse as exploratory specimens.

To begin with the good. One of the most obvious is the growth of philanthropy, which certainly has accompanied democracy. But did it result therefrom? It was in the air of Europe before democracy arose. Frenchmen throughout the eighteenth century were talking about it; monarchs — notably Frederick II of Prussia and Joseph II of Austria — were putting it into practice. This was what the late Professor H. Morse Stephens called the age of the benevolent despots. In England, Howard brought about the reform of the prisons toward the end of the same century, while Clarkson and Wilberforce were striving to abolish the English slave-trade, a reform that was finally accomplished more than a score of years before the first Reform Bill extended the suffrage. The fact is that both philanthropy and democracy had a common base in an enlargement of human sympathy, although the former grew and spread in countries where the other did not take root until a later period.

The same is true of another benefit we associate with popular government — that of universal opportunity for education supported by taxation. Free public schools of this kind began at nearly the same time in New England, which was essentially democratic, in Scotland, which was far less so, and in Prussia under monarchy of a distinctly despotic type. The system has spread over all the progressive countries, but by no means in proportion to their democratic tendencies, and, in fact, it was carried out in England later than in Germany. These two examples suffice to show that benefits apparently allied with a form of government may not be caused thereby, but may be due to a tone of thought deeper seated than the particular type of polity by which they are administered.

To turn to the defects with which democracy is charged. Critics in its early stages dreaded the tyranny of the majority, believing it would submerge the influence of the more refined elements of society; and Sir Henry Maine portrayed the statesman listening nervously at a telephone for the dictates of a lower intelligence. No doubt there was some foundation for these fears;

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yet experience has shown that a far greater danger lies in the power of organized minorities subordinating the general welfare to their own purposes. The late Edward J. Lowell remarked as the characteristic defect of democracy that it was no one's business to look after the interest of the public. Power tends to fall into the hands of the skillful organizer, and the country is filled with bodies seeking to attain their ends — sometimes philanthropic but more often selfish — by means of organized pressure. The glory of a free government lies in the liberty of speech, of assembly and of concerted action; and on the other hand, every despotism strives to suppress all criticism and all organizations not its own. Witness the policy of Napoleon III, of Mussolini, of the Soviets and of Hitler. Yet, precious as it is, the right to organize for political objects may entail evils, which have become sadly evident in some democracies; and they tend to increase with the enlargement of governmental control, a tendency inevitable and requiring ever greater wisdom and justice in those entrusted with authority.

But is this danger confined to politics? Is not the same tendency obvious in commercial life with its huge corporate bodies seeking to rule a whole industry? Does it not lurk in trade unions also? Is it not a result of the present condition of society with its highly complex structure and ease of communication? A greater peril today lies in corporate than in personal selfishness, for it is obscured by a sense of devotion to something beyond one's self. In fact, a limited loyalty to a body of which one is a member is often more potent than respect for the general welfare. The Middle Ages bequeathed to later times a tradition of forming associations within the state and largely independent of it, with the result that modern society is filled, to an extent the ancient world was not, with innumerable distinct groups each demanding loyalty to itself, until everyone is distracted by their conflicting claims — the smaller often having the stronger pull, as the moon has more effect than the sun upon the tides. To see how strong such a tendency is we may look at a community in which the desire for personal advantage is as nearly absent as possible, and yet divergent collective interests are by no means absent. Anyone familiar with the internal anatomy of a university knows how often the general welfare pales in the presence of departmental ambition.

Democracy is charged with sins of a darker tint, but are they

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peculiar to those who hold the strings of the public purse? Have not some managers of large commercial companies made profits by inside knowledge and manipulation that might have accrued to the stockholders? Is there no favoritism in appointments and contracts of the kind that in politics is called graft? If a city official knowing of operations likely to enhance the value of a piece of land buys it from an owner who does not know of them, what should we think? But is this different from a director's buying stock, which he has reason to know will rise in price, from a stockholder who is selling without the knowledge the director has obtained as his trusted representative? If a retiring mayor who has caused the city heavy loss, whether innocently or not, were to be voted and paid by the city council a large pension for life, might not the members of that body expiate their error in jail? In short, is the fiduciary obligation of public officials to the citizens different in kind or degree from that of officers of companies to their stockholders? It is difficult to prevent politicians from making a profit, directly or indirectly, for themselves or their friends, out of their positions, when some men prominent in business do likewise uncensured and uncondemned. Nor can we fairly attribute to democracy evils tolerated in commercial life.

Right and wrong have always existed and always will. A lack of probity in public life is no new thing. When Alexander Hamilton resigned as Secretary of the Treasury, saying he could not support his family on the salary, Talleyrand, then in America, remarked that a minister of state who retired, giving that as his reason, must be a little simple ("*un peu niais*"). In most countries at that time peculation by public officials was common. Enthusiasts thought democracy would abolish it; but no form of government can wholly change human nature, or eradicate the temptation to do wrong. There are multitudes of men holding responsible positions in both public and private life who have not bowed the knee to Baal. In fact there is certainly less corruption among office-holders now than there was in Europe in the eighteenth century, but popular forms of government will hardly be rid of it until a higher standard is exacted on the street, and those who violate it are socially tabooed.

Another defect attributed to democracies is that they are said to be proverbially fickle, and the example of the Prohibition Amendment to our Constitution gives the foreigner a good case for a gibe. It was ratified by the several states with only two dis-

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sentients, and now, a decade and a half later, it is repealed with two states so far voting against it. Such a change of opinion, or lack of foresight, is clearly a reproach; but we must remember that the Amendment was adopted in the stress of war, and repealed when the public mind was in agitation because of the depression. In the course of history our people have shown themselves by no means unstable or fickle. Mistakes have been made which had to be corrected; but so they have been under every form of government. Yet, one whose life has been prolonged may have observed a greater lack of general personal independence than in the past. Men seem more sensitive to current opinion, more prone to yield to clamor, less ready to assert their own convictions, more dependent upon the support of others, of a party or a group, than formerly. At least that is the impression of one observer; and if this impression is correct it is another instance where democracy is charged with a lack of stability and of tenacious convictions that has in fact a wider social origin.

Speaking of democracy at Birmingham when Minister to England, nearly fifty years ago, James Russell Lowell referred to the syllogism, democracy, anarchy, despotism, and said: "But this formula was framed upon the experience of small cities shut up to stew within their narrow walls, where the number of citizens made but an inconsiderable fraction of the inhabitants, where every passion was reverberated from house to house and from man to man with gathering rumor till every impulse became gregarious and therefore inconsiderate, and every popular assembly needed but an infusion of eloquent sophistry to turn it into a mob, all the more dangerous because sanctified with the formality of law." When the address was later published he added in a footnote, "The effect of the electric telegraph in reproducing this trooping of emotion and perhaps of opinion is yet to be measured." The surmise was in the nature of a prophecy. The telegraph, the telephone, and still more the radio and the movie, have profoundly affected social attitudes. Millions of people who by these inventions can now listen to a man's voice are nearly in the position of the thousand who could hear Cleon in the Athenian Assembly; much more so than were the former rural citizens of America who received news slowly and must take time to discuss it with their neighbors. Among our forebears opinion ripened slowly, and the impressions formed lay deep and stable. Now such mechanical devices have made the whole people urban in temperament, and

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the result has been to foster the qualities Lowell ascribed to the people of the Greek cities. If this is true, the primary cause, again, is not democracy, but the advance of applied science; although this in turn may have its influence on popular and all other forms of government. Perhaps, on the whole, electric communication and the fits of emotion that it causes are less dangerous where the Executive holds office for a fixed term than where it is at the mercy of a legislature — save in a case like that of Great Britain where party allegiance is so firm that the majority in the House of Commons is effectively controlled by the cabinet.

For one grievous failure democracy cannot escape blame, and that is the misgovernment in our large cities. It is the glaring defect of this country. Ever since the Civil War reformers have studied the question, new devices have been tried, spasmodic revolts against the domination of the spoilers have occurred; but the evils have returned and no enduring cure has been found as yet. The ill appears to be chronic. There must be something wrong in a structure where the function so constantly goes astray. One would suppose that the people would feel the heavy burden of taxation borne by industry, and the handicap it lays on competition with the rest of the world. But the greater number do not perceive its effect on themselves; and those with the strongest desire to do good are often more anxious to increase expenditure for their special objects than they are about the condition of the public finances.

Moreover, the theory of democracy tacitly assumes a tolerably homogeneous population, and this is least true of huge cities, especially in America where the foreign elements are large. In other countries democratic doctrines, or what pass here for such, are not applied to city government so relentlessly as they are with us. In England, for example, men carrying on business in a borough vote there in municipal elections although they live outside its limits; but in America this is deemed contrary to the principles of popular government. That a man should vote in two places at state and national elections obviously violates the postulate of equality, because it would give him two votes for one office; but it is illogical that a man who carries on business in a town, pays taxes there, and is deeply affected by its prosperity, should be excluded from any part in its administration because he is also a voter in another community wholly independent, and with no possible conflict of interests. It is like urging that if one belongs to

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a lunch club, a golf club, a charitable society, etc., he should, according to the strict tenet that all men are equal, have a vote in only one of them. Democracy no less than other political principles has absurdities committed in its name. If it ever should come to an untimely end some future historian with a Tory temperament, and the literary style of Macaulay, will make merry at its expense.

Save for the failures in municipal government the merits and defects attributed to democracy in the United States seem to be due less to its own inherent limitations than to the social conditions of the time. The defects might, of course, so distort that form of government as to make it impracticable in the distant future, but only exaggerated alarm can see so dark a cloud on the horizon now; and, in the meantime, we need borrow no fear from what is happening in other countries in very different situations. Democracy will endure or vanish here according to its capacity to deal with our own problems. No form of government ever has been, or ever will be, a panacea for all human ills; and it is mischievous to search for one instead of improving what we have. If democracy should succumb it will not be followed, so far as the future can be foreseen, by a return to an aristocracy, a limited monarchy, or a privileged order of any kind. The alternative is autocracy wielded by a ruler, elected or self-chosen, who will inevitably place restraints upon liberty, not in industry alone, but before long on the free expression of opinion, and the right of combination; for autocracy cannot live in the presence of organized opposition. In Russia, Italy and Germany the objects proclaimed are very different, in fact contradictory; yet in all three autocracy has suppressed all political groups that it has not set up itself, and among them the trade unions. No one can assert positively that this cannot happen here; but such a breach with the past, such an abrupt departure from the line of our progress hitherto, is highly improbable.

We have glanced at a few of the obvious merits and defects associated in men's minds with the experiment of a people striving to rule themselves; but, after all, the supreme test of excellence in a government is not order, economic prosperity or even justice. These are, of course, essential in any good system. Yet there is another matter more profound, more significant for the future — that is the character a polity tends to create in the citizens by whom it must be sustained. In short, we may assert that the best govern-

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ment in the long run is one that nurtures a people strong in moral fibre, in integrity, industry, self-reliance and courage. Does democracy, as we know it, do this? The question cannot, of course, be answered with any certainty, and people will answer it differently according to their prepossessions and experiences. Some will meet it with the counter question, would any other system do better? But that is like asking if you had a brother would he like cheese? Our question is that of the Sphinx, difficult to solve, yet inexorable for the welfare of the people to whom it is addressed.

Let us put the matter in a somewhat different way. The duration of any form of government depends upon how far it develops a people qualified to carry it on, and how successfully it brings to the front those most fit to lead. It would be interesting to study governments from that point of view to see what effect they had upon the temperament of their citizens, and to what type of men they gave rise. Let us take a few examples from the ancient and mediæval times. Democratic Athens produced more great thinkers in proportion to the population than any other community ever did; but failed to inculcate the political stability needed to endure. Republican Rome, until her conquests changed the nature of her problem, produced few thinkers, but fostered a patriotic, cohesive loyalty that made her the eventual mistress of the known world; and under the Empire she evolved a system of law and administration that proved as masterful over later times as the thinking of the Greek philosophers. Judged by order, contentment, prosperity and duration, the government of Venice — a rather large and intelligent oligarchy — must be rated among the most successful in history. But to draw any valid conclusions from such instances is futile, for the number of factors that enter into the problem is so great that to trace the effect of any one cause is well-nigh hopeless. In the larger nations this is even more true because the elements at work are still more numerous. History is a great teacher, but people are more apt to learn from it what it does not teach than to take warning from that which is written plainly on its pages. But we may repeat our question thus: Does democracy tend to produce a people disposed to place the general welfare above partial interests, a people with keen sympathy and absence of jealousy between classes, with the will to bear present ills for future good, with foresight and fortitude; and does it select for its representatives and magistrates men who possess these

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qualities in a high degree? If it does these things the squalls that arise will not disturb its foundations, and it will stand unshaken though storms may rage in other lands. So far as it does not do this the iron of its feet is mixed with miry clay.

The superficial will seek the solution in education, looking to courses in the public schools on the duties of citizens. We trust too much to formal instruction, whereas didactic ethical teaching is by itself of little value, as may be observed in the attempt to promote temperance by compulsory exposition — scientifically inaccurate — of the effects of alcohol. The newly appointed head of a Central American university once asked the writer what we did in regard to classes on civic duty. The reply was that we have little confidence in them; but strive to give to the students an actual sense of obligation for the welfare of the community of which they are members, trusting that they will carry the sentiment into the larger commonwealth to which they will afterwards belong. Virtue is learned by practising it; and is not the next best thing to learn it vicariously in the lives of heroic men and women?

A few years ago the writer was at a luncheon where were present three ambassadors and three presidents of colleges, two of them for men and one for women. The ambassadors were disturbed by the tone of popular thought, fearing that things were going from bad to worse; but the college presidents all declared that the youth, as they saw it, was sound. In spite of economic depression, of gangsters, of holdups by some young fellows, of instances of dishonesty, for me that opinion outweighs many doubts.

Have I only been asking questions? That is all I meant to do; and yet, while we cannot answer them, it is well to keep them in our minds, because we can answer them in action if not in words. We can cultivate and encourage those qualities that are essential to all that is most worth while in the life of a great people; and if they do not prove incompatible with democracy and liberty these will endure and fructify.

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THE BASES OF SOVIET FOREIGN POLICY

By Karl Radek

I AM fully aware of the difficulties of the task which I undertake in attempting to give the readers of FOREIGN AFFAIRS an account of the main lines of Soviet foreign policy and the fundamental considerations which govern it. The first difficulty arises from the fact that the foreign policy of the Soviet Government differs as much from the foreign policy of the other Great Powers as the domestic policy of this first socialist state differs from the domestic policy of the states belonging to the capitalist system. Men and women who accept the capitalist point of view find it just as hard to understand the socialist state's foreign policy as its domestic policy. Moreover, this primary difficulty is increased by several propositions generally accepted in the capitalist world, although even there they are of questionable validity. I mean the theory of the priority of foreign over domestic policy and the theory of the continuity of foreign policy. In order to clear the way for an understanding of the foreign policy of the Soviet Union the reader must attempt to grasp our attitude toward these two propositions. We consider them erroneous because they are in contradiction with generally-known historical facts.

Foreign policy is a function of domestic policy. It solves problems which result from the development of a given society, a given state, under definite historical conditions.

The wars of the era when modern capitalism was born, the wars of Cromwell and Louis XIV, were the product of the struggle for the emancipation of the youthful capitalism, which gained strength under the mercantilist system, from the oppression of the domestic market, largely based on a peasant economy which met the requirements of the peasant and of his feudal exploiter. There was a need for colonies as sources of raw materials and as markets for the produce of young industries, and also for the plundering which provided the stimulus for the growth of manufactures, which became in turn the basis for the eventual development of machine industry. Industrial capitalism relegates the struggle for colonies to the background because industrial capitalism itself creates an immense domestic market as well as immense means of accumulation and has in cheap mass production a magnificent weapon for mobilizing raw materials from the colonies.

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The wars of the industrial era served either as a means for breaking through the Chinese wall which separates the backward nations from the capitalist world (the Anglo-Chinese war, the Anglo-American threats to Japan), or as a way for achieving national unity, which means creating a large domestic market for infant industries (the unification of Germany, Italy, the United States).

Under monopolistic capitalism the mad struggle for colonies was again accentuated. In the war of 1914–1918 the attempt was made to re-distribute the world's surface in accordance with the strength of the imperialistic powers which took part in the struggle. The difference between the aims and methods of the imperialistic policy of the twentieth century and those of the foreign policy of the mercantilist era is made clear, despite their superficial similarity, by the consequences of that imperialistic policy. Whereas during the period of manufactures England did everything in her power to prevent the development of industry in the colonies, the policy of modern imperialism is a policy of exporting capital, that is, a policy of exporting the means of production. This policy, regardless of the intentions of its originators, leads to a certain degree of industrialization in the colonies — although the survivals of feudalism and the exploitation of the colonial countries hinder the process of industrialization and prevent emancipation. The revolutionary movement in the colonies, centering as it does around the young proletariat, shows how different are the policies of mercantilism and imperialism. The fate of India, the fate of China, furnish the proofs.

Where, in this process, is the priority of foreign policy and where is its continuity? Its aims are seen to be shaped by the economic and political structure of changing forms of society. Therefore they are not permanent but on the contrary variable.

The attempt to represent the foreign policy of the Soviet Union as a continuation of Tsarist policy is ridiculous. Bourgeois writers who do so have not grasped even the purely external manifestations of this policy. It used to be an axiom of Tsarist policy that it should strive by every available means to gain possession of the Dardanelles and of an ice-free port on the Pacific. Not only have the Soviets not attempted to seize the Dardanelles, but from the very beginning they have tried to establish the most friendly relations with Turkey; nor has Soviet policy ever had as one of its aims the conquest of Port Arthur or of Dairen. Again,

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Tsarism, or any other bourgeois régime in Russia, would necessarily resume the struggle for the conquest of Poland and of the Baltic states, as is doubtless clear to any thoughtful bourgeois politician in those countries. The Soviet Union, on the contrary, is most anxious to establish friendly relations with these countries, considering their achievement of independence a positive and progressive historical factor.

It is silly to say that geography plays the part of fate, that it determines the foreign policy of a state. Tsarist policy originated not in geographical conditions, but in the privileges of the Russian nobility and the demands of young Russian capitalism. The questions raised by geography are dealt with by each social formation in its own way; that way is determined by its peculiar economic and political aims.

II

We are thus led to the first fundamental question: What are the aims which may and must be pursued by a society which is building up socialism and which is based on socialism?

I shall not attempt to give here a historical survey of the foreign policy of the Soviet Union. Suffice it to recall that when the Soviet Government came to power it set out promptly to rescue the country from the conflagration of the World War, and that having achieved this purpose at a heavy price it was forced for about three years to defend its independence against the intervention of the leading imperialistic nations, an intervention due partly to the desire of these to drag the Soviets back into the World War and partly to their desire to destroy the first government of the workers, which the capitalist world looked upon as a gross provocation to the capitalist system. This fact compelled the Soviet Union to give a preliminary solution to the problem of defense which had been forced upon it. But even in this early period Soviet foreign policy displayed clearly its fundamental lines, which are fully in harmony with the foreign policy of the socialist system.

The main object for which Soviet diplomacy is fighting is *peace*. Now this term "peace" is much abused. There is no diplomat whose official pronouncements do not use this term reverently over and over again, even though he is a representative of one of those imperialistic nations which are most active in preparing war. But those who are incapable of understanding the

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specific place occupied by the struggle for peace in Soviet foreign policy are altogether incapable of understanding that policy in whole or in part. Why is the struggle for peace the central object of Soviet policy? Primarily because the Soviet Union — to use the expression of Lenin — "has everything necessary for the building up of a socialist society."

As early as 1915 and 1916 Lenin, then preparing the struggle for the seizure of political power, maintained that it was possible to build up socialism in Russia. He saw the country's vast size, its immense natural resources, and that it possessed a degree of industrial development which would insure, on the one hand, the leadership of the working class and, on the other, provide the minimum of technical knowledge necessary for starting socialist construction.

In Lenin's lifetime the Soviet state, having victoriously ended the war against intervention, took up the work of reconstruction, re-building the industry that had been destroyed and establishing normal relations with the peasantry. These normal relations assured the proletariat the supply of raw materials and foodstuffs necessary for the expansion of industry, as well as the support of the peasant masses. Lenin's successor at the helm of the Soviet ship of state, Stalin, deciding the course of this ship, set as its object the building up of socialism within the borders of the former Empire of the Tsars. This object seemed utopian, not only to the capitalist world, but also to a group inside the Communist Party which followed Trotsky and rejected the fundamentals of Lenin's policy.

In this inner party struggle the policy of Stalin was victor; and his victory found its realization in the Five Year Plan. This plan has already been put into practice. Its achievement consists in the creation of an industry on such a large scale as to provide the solution of three problems. In the first place, it allows the Soviet Union to proceed independently with the further development of its industry, that is to say, in case of necessity, without importations from abroad, because under the Five Year Plan the Soviet Union has acquired a powerful heavy industry and machine-building equipment of all sorts.

Thanks to the solution of this first problem, the working class can now — and this is the solution of the second problem — provide the peasantry with a number of machines sufficient to prove to even the most backward groups of peasants the advantage of

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collectivization. On the basis of collectivization it became possible to liquidate those classes of the peasants which were pushing agriculture in the direction of capitalism. The economic annihilation of the kulaks and the creation of an agriculture which has for its chief driving power the products of large-scale machine industry — tractors, reapers and other agricultural machines — owned by the workers' state, has created a situation in which the peasantry can and must develop in the direction of socialism. The peasant today is still in an intermediate stage between the position of a small owner and that of a member of a society carrying on a collective enterprise with the help of means of production owned by the society. But it is already perfectly clear that as a result of the advantages of tractors, electricity and oil over horses, ploughs and scythes, the well-being of the peasantry will depend in increasing degree on the productive forces of the socialist society and not on labor arising from privately-owned means of production. Within the peasant ranks, too, differentiations in productive and economic standards will be abolished, and the peasantry will gradually be transformed into a uniform socialist mass. The economic lot of the peasants will continue to improve and year by year they will grow closer to the proletariat. This result is guaranteed not only by the increasing industrialization of the countryside, but also by the fact that industrialization is a means for raising the cultural level of the village to that of the urban proletariat. The solution of this second problem — the collectivization of farming — in conjunction with the solution of the first problem — industrialization — makes possible the accomplishment of the third object of the Five Year Plan, namely the creation of conditions which assure the national defense of the Soviet state.

This capacity for national defense is based on the creation of a heavy industry which provides the country with all the means of defense essential to success in modern war, and on the disappearance of all social classes hostile to the up-building of socialism. These classes have been defeated, even though remnants still survive and even though the psychology of the small owner, inimical to socialism, cannot disappear in all groups of the population at once. But if we ask the question, what is the general trend of development, it is clear that the fulfilment of the Five Year Plan and the development of the program of reconstruction in the Second Five Year Plan have proved that the Soviet Union, hav-

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ing laid down the foundations of socialism, is capable of proceeding to build up the complete structure of socialism, the integral socialist society, that is, a classless society which bases itself on all the discoveries of modern technique and that assures to the masses of the population social and cultural conditions of a type which capitalism cannot possibly achieve.

Does the Soviet Union need war in order to build up socialism? It does not. Certain capitalist circles have stubbornly asserted since the Soviet Union was founded that it would seek a solution of its difficulties in war; these assertions are repudiated by the history of the Soviet Union during its sixteen years of life. Even at the moment when we were particularly ill-equipped to undertake the building-up of socialism, immediately after we had assumed governmental responsibilities, we readily accepted the heaviest sacrifices in order to give peace to the country. We deeply believed — and this was of great importance — that we had in our hands everything necessary for building up a socialist society. Now we know that the problem of building socialism in the Soviet Union admits of a practical solution and that a considerable part of the problem has been already solved. The peace policy of the Soviet Union therefore rests on the granite foundation of triumphant socialist construction.

The enemies of the Soviet Union attempt to undermine the importance of this fact from two directions. Some of them accuse the Soviet Union of having given up its international aims. These aims, in their opinion, would demand military intervention by the Soviet Union to aid the emancipation of the international proletariat and of the colonial peoples. Others, on the contrary, maintain that, because the Bolshevik Party which controls the Soviet Union is inherently an international party, all the peace declarations of the Soviet Union are purely provisional and hence that having reached a certain economic level which enables it to wage an aggressive war the Soviet Union will repudiate its peace declarations and assume the initiative in a war. The best way of answering both these accusations is to quote the statement made by Stalin in December 1926:

> This is what Lenin actually said: "From ten to twenty years of sound relations with the peasantry, and victory on the world scale is assured (even despite delays in the growing proletarian revolutions); otherwise from twenty to forty years of sufferings under the White terror." ("Leninski Sbornik," Vol. IV, p. 374.)

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Does this proposition of Lenin give ground for the conclusion that "we are utterly incapable of building up socialism in twenty or thirty years?" No, it does not. From this proposition we can derive the following conclusions: (a) provided we have established sound relations with the peasantry, victory is assured to us (that is, the victory of socialism) within ten or twenty years; (b) this victory will be a victory not only within the U. S. S. R., but a victory on the world scale; (c) if we fail to gain victory within this period this will mean that we have been defeated, and that the régime of the dictatorship of the proletariat has given place to the régime of the White terror, which may last twenty to forty years.

And what is meant by "victory on the world scale?" Does it mean that such a victory is equivalent to the victory of socialism in a single country? No, it does not. Lenin in his writings carefully distinguished the victory of socialism in a single country from victory "on the world scale." What Lenin really means when he speaks of "victory on the world scale" is that *the success of socialism in our country, the victory of consolidating socialism in our country, has such an immense international significance that it (the victory) cannot be limited to our country alone but is bound to call forth a powerful movement toward socialism in all capitalist countries*, and even if it does not coincide with the victory of the proletarian revolution in other countries, it must in any event lead to a strong proletarian movement of other nations toward the victory of world revolution. Such is the revolutionary outlook according to Lenin, if we think in terms of the outlook for the victory of the revolution, which after all is the question in which we in the Party are interested.[1]

Such are the fundamentals of the Soviet peace policy.

III

The socialist society which is being built up in the Soviet Union has foundations already well established and its completion assured. It does not need war. This fact found expression in the Soviet proposal for a general disarmament by all the capitalistic Powers, first advanced at the Genoa Conference while Lenin was still alive. It has subsequently been the axis of the peace policy of the Soviet Union at the Disarmament Conference. This Conference required years of preparation and already has been engaged on its sterile deliberations for two years. Its fate magnificently proves the truth of Lenin's thesis that "under capitalism, and especially in its imperialistic phase, war is inevitable."

Immediately after the capitalist world recovered from the post-war commotion and achieved provisional economic stablization, a new wave of armaments came into being. All nations began developing feverishly those methods of warfare which the war

[1] J. Stalin: "Ob oppozitsii" ("On the Opposition"), articles and speeches, 1921–1927, State Publishing House, 1928, p. 465–466.

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had proved important, such as aviation, chemical warfare and tanks. The mechanization of armies and the modernization of fleets have been taking place universally. The attempt to keep these armaments at least within certain limits is frustrated by the action of the law which Lenin formulated as follows in his work "Imperialism as the Highest Stage of Capitalism:"

> Financial capital and the trusts do not diminish but emphasize the difference in the tempo of growth between various parts of the world economy. But if the balance of forces has been broken, what can be used under a capitalistic system to bring about a settlement of the conflict except violence? [2]

And again:

> Under capitalism no other basis is thinkable for the division of spheres of influence, interests, colonies, etc., except an estimate of the strength of the parties to the division, their general economic strength, their financial and military strength, and so on. But the strength of the parties to division changes unevenly, because an even development of separate enterprises, trusts, branches of industries, countries, is impossible under capitalism. Half a century ago Germany was a mere nonentity, if we compare her capitalistic strength with that of contemporary England; the same was true of Japan in comparison with Russia. Is it "thinkable" that one or two decades hence the relationship between the imperialistic Powers should remain unaltered? Utterly unthinkable.
>
> Under conditions actually prevailing in the capitalist world, therefore, the "inter-imperialistic" or "ultra-imperialistic" alliances — irrespective of the form these alliances might take, whether that of one imperialistic coalition against another imperialistic coalition, or that of a general alliance of all the imperialistic Powers — will necessarily be merely "breathing spaces" between wars.[3]

The opinions expressed by Lenin in 1916, in the midst of the World War, have been fully corroborated by post-war history. They explain why the capitalist world is incapable of obtaining any effective limitation in armaments and is therefore inescapably moving toward a new world war for a new re-distribution of the world.

Germany, having strengthened her industry with the help of American, English, Dutch and Swiss loans, and confronted with a shrinkage of the world market, cannot exist within the narrow limits assigned to her by the Treaty of Versailles. In seeking equality in armaments she is seeking the possibility for preparing a war for the revision of the Versailles peace.

Japan, who developed her industry first on the basis of an

[2] Lenin: "Sobranie sochineni," Vol. XIX, p. 149.
[3] *Op. cit.*, Vol. XIX, p. 167–168.

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inhuman semi-feudal exploitation of the village population (which still continues), later with the help of billions of war profits, and who is half-strangled in the knot of surviving feudalism which, in an even stronger degree than the laws of imperialism, prevents the development of her domestic market — Japan, who understands that the United States is compelled by the entire course of its economic development to deepen and expand its struggle for economic influence in China — Japan, fearful that as a consequence of the industrialization of Siberia she will lose her monopolistic position as the only industrial country in the Far East — Japan tears up the Washington and the London agreements, occupies Manchuria, and gets ready to occupy China before the economic domination of the United States has been fully established there. She raises the question of her hegemony over Asia. This objective has been openly proclaimed by Japan's Minister of War, General Araki.

Italy, "offended at Versailles," seeks a re-distribution of colonial lands in her favor.

The relations between the United States and England have suffered a fundamental change since the United States has risen to the position of being the first industrial power in the world and has claimed equality in the control of the seas.

The uneven development of post-war capitalism has created a situation in which all the imperialistic Powers will seek to re-distribute the world in accordance with their own interests.

The Soviet Union is opposed to imperialism. It is opposed to an imperialistic war. It recognizes as equitable only one war, the war for the defense of socialism, the war of the enslaved peoples for their liberation. This point of view determines our attitude toward imperialism, as a system, and toward the consequences of its policy which find their expression in the preparation of a new war. It also dictates our attitude toward imperialistic alliances which evolve during the process of preparing a new war for the re-distribution of the world.

The Soviet Union takes no part in the struggle for the re-distribution of the world.

The words of Stalin at the Sixteenth Congress of the Communist Party of the Soviet Union — "We do not want a single bit of foreign land; but at the same time not an inch of our land shall ever be yielded to anyone else" — these words are the exact expression of the policy of the Soviet Union.

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In the struggle for the new re-distribution of the world the Soviet Union does not share. Taking account of the solidarity of the workers of the whole world, it can take no part in the plundering of foreign lands. Moreover, it does not need foreign land to carry on the work of constructing socialism. This policy found expression in the Soviet attitude toward the struggle in Manchuria. Defending its economic interests in connection with the Chinese Eastern Railroad, the Soviet Union never accepted the partition of Manchuria into spheres of influence. It followed a similar policy in Persia, even though this rendered its relations with British imperialism somewhat more difficult. Non-participation in imperialistic alliances having for their purpose the plundering of foreign lands is the second leading principle of the foreign policy of the Soviet Union.

But the preparation of an imperialistic war is a fact, the existence of imperialistic alliances is a fact, and the Soviet Union can not limit itself to a mere expression of its negative attitude toward the objects of imperialism and toward imperialistic alliances. The Soviet Union must do everything to protect itself against the attack of the capitalist Powers who intend to conquer a portion of the Soviet territory or to overthrow the political framework of the socialist state.

The peace policy of the Soviet manifests itself not only in the struggle for disarmament, the struggle for the maximum reduction in armaments, but also in non-aggression pacts. In any given concrete case such a pact means a guarantee of Soviet neutrality in conflicts which may arise among the capitalist nations, conceded in exchange for the undertaking by the latter to refrain from attacking the Soviet Union or intervening in its domestic affairs. There is nothing surprising, therefore, in the fact that the first non-aggression pact concluded by the Soviet Union was with Turkey, for friendly relations between the two countries had developed from the early help offered by the Soviet Union to Turkey in her struggle for independence. Nor is it surprising that the next state with which the Soviet Union entered into a pact equivalent to a non-aggression pact was Germany (April 24, 1926). In its fight against the Treaty of Versailles, Germany tried to establish friendly relations with the Soviet Union as the only Great Power which opposed the enslavement of one nation by another. The non-aggression pacts with Afghanistan, in 1926, and with Persia, in 1929, were results of the policy of the Soviet

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Union which bases its relations with the Eastern peoples on the idea of equality and respect for their national independence.

It is not mere chance that for many years all attempts to conclude similar non-aggression pacts with the western neighbors of the Soviet Union remained fruitless. Those western neighbors for a long time participated openly or indirectly in the alignment of the victorious imperialistic Powers which had not given up the idea of intervention against the Soviets. Only experience — the experience which proved to these western neighbors of the Soviet Union that this policy not only does not protect their independence but might even weaken their position at the same time that they have to face the growing demand for the restoration of German imperialism — it was this experience only which developed their tendency toward peace with the Soviet Union and led to the conclusion of the non-aggression pacts between the Soviet Union, Poland, Latvia, Esthonia and Finland. A similar change in the general situation on the continent, Germany's growing desire to revise the conditions imposed upon her by the Treaty of Versailles — peacefully if possible, forcibly if necessary — proved to be one of the factors which induced France to enter into a non-aggression pact with the Soviet Union. Italy had been among the first to resume normal relations with the Soviet Union. It was her desire to strengthen her position with reference to France which influenced her to join the Soviet Union not only in a non-aggression pact but also in a pact of friendship. Soviet attempts to conclude a similar pact with Japan have up to the present time produced no positive results; this seems merely to indicate the existence in Japan of very strong tendencies to preserve complete freedom of action in case of conflict with the Soviet Union.

The Soviet Union is confronted both in Europe and the Far East with hostile camps which are preparing war against one another. It holds toward them a position of neutrality, and endeavors to guarantee its own peace by a policy of non-interference in their affairs and by entering into mutual obligations of non-aggression with all sides. These obligations have been stated concretely and precisely in the pact containing the definition of the aggressor. The Soviet Government has definitely undertaken not to move its armed forces by land, sea or air across the frontiers of states which have assumed similar obligations, and also not to intervene directly or indirectly in their domestic affairs. All this indicates to the world that the policy of peace and neutrality on

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which the Soviet Union has embarked is not a mere diplomatic gesture, but a concrete political obligation the earnestness of which should be beyond question.

The Soviet Union enters into pacts of non-aggression with any country which is willing to sign such a pact, that is to say it is ready to enter into non-aggression pacts with countries which may eventually be at war. It therefore must take into consideration that while its pledge of peace and neutrality strengthen one of the belligerent countries they may be disadvantageous to the other side, which in consequence may attempt to repudiate its non-aggression pact, violate its obligations, and attack the Soviet Union. Besides, of course, any action is possible on the part of the Powers which have refused to sign non-aggression pacts. It goes without saying that the Soviet Union's reply to any attack on it would be military action fully commensurate with the statement of Stalin that "not an inch of our land shall ever be yielded to anyone else." But then a situation might arise when the Soviet Union would carry on action parallel with the enemy of its own enemy, or would even coöperate with him in a joint action. The policy to follow in such an eventuality was foreseen by Lenin during the discussion of the Brest-Litovsk peace negotiations. Under quite different conditions, for then the Soviet Union was weak militarily, Lenin outlined the fundamental solution of the problem. This solution remains today one of the guiding principles of Soviet policy. "From the moment of the victory of socialist construction in one of the countries, the question must be settled not from the point of view of the desirability of this or that imperialism, but exclusively from the point of view of the best conditions for the development and strengthening of socialist revolution, which has already begun," wrote Lenin in his theses on the conclusion of a separate peace, on January 7, 1918.[4]

In his article "O chesotke" ("About the Rash"), of February 22 of the same year, Lenin, criticizing those who objected as a matter of principle to the conclusion of an agreement with the Allies against German imperialism, wrote as follows:

> If Kerensky, representative of the dominating class of the bourgeoisie, that is of the exploiters, enters into an agreement with the Anglo-French exploiters under which he obtains arms and potatoes, but conceals from the people other agreements which promise (in case of success) to one robber Armenia, Galicia, Constantinople, to the other Baghdad, Syria, and so on — then is it difficult

[4] *Op. cit.*, Vol. XXII, p. 195.

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to understand that the transaction is a dishonest, disgusting and revolting one from the point of view of both Kerensky and his friends? No. It is not difficult to understand. Any peasant will understand it, even the most backward and illiterate one.

But what if the representative of the exploited class, of those who suffer, after that class has overthrown the exploiters and has published and annulled all secret and grasping agreements, is the object of a treacherous attack by the German imperialists? Is he to be condemned for dealing with the Anglo-French robbers, for accepting their arms and potatoes in exchange for timber and so on? Should such an agreement be called dishonest, shameful, unclean? [5]

By giving a positive answer to the question of the feasibility of an agreement between the Soviet Union and an imperialistic Power which, for the sake of its own imperialistic interests, was willing to help the Soviet Union in its struggle against other attacking imperialistic Powers, Lenin at the same time answered the question as to the possible expansion of the policy of the Soviet Union beyond the stage of neutrality in case of a struggle between the imperialistic Powers.

The Soviet Union does not close the door to the possibility of a deal, an agreement, with imperialistic Powers which are waging a struggle against other imperialistic Powers, if the latter attack the Soviet Union; but in entering into such an agreement the Soviet Union would not accept any responsibility for the specific purposes pursued by the imperialistic Powers parties to the agreement. Never and under no conditions would it participate in the plundering of other nations, because participation in such a plunder would be contrary to the international solidarity of the workers. But against attacking imperialism an agreement is permissible with any opponent in order to defeat an enemy invading Soviet territory.

I think I have named the fundamental principles of Soviet foreign policy and have explained their interdependence. They are all derived from the basic fact that imperialism is unable to solve the great problems which mankind has to face today. A new imperialistic war will not solve them. It will lead to an immense destruction of productive forces, to unexampled sufferings among the masses of the people, and will achieve nothing except a new re-shuffling of the possessions of the capitalist world.

The Soviet Union is an enemy of imperialistic wars which arise from the fact that capitalism is no longer in a position to develop the productive forces of the human race, but that it is still capable

[5] *Op. cit.*, Vol. XXII, p. 273.

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of attempting to seize a piece of land which is being reserved for the exploitation of a given national bourgeoisie. That is how the world is pushed toward immense new upheavals. We are therefore certain that the masses, thrust into the turmoil of new wars, will seek a way out along the same road that was followed by the Soviet proletariat in 1917.

The object of the Soviet Government is to save the soil of the first proletariat state from the criminal folly of a new war. To this end the Soviet Union has struggled with the greatest determination and consistency for sixteen years. The defense of peace and of the neutrality of the Soviet Union against all attempts to drag it into the whirlwind of a world war is the central problem of Soviet foreign policy.

The Soviet Union follows the policy of peace because peace is the best condition for building up a socialist society. Fighting for the maintenance of peace, accepting obligations of neutrality toward the struggling camps of the imperialists, the Soviet Union has at the same time raised the military preparedness of the country to a level which answers the demands of national defense and the requirements of modern warfare. Its neutrality is a positive factor which the imperialistic Powers which have not yet lost the sense of realities will not fail to appreciate. Those of them which are unable to realize the importance of Soviet neutrality or are forced by the insoluble difficulties of their own position to risk an adventurous war against that huge country, with its dozens of millions of men united by a common desire for peace, a desire for peaceful creative work — to those Powers will be given the proofs that the generation which laid down the foundations of socialism is also capable of defending them with iron energy. And we are convinced that, irrespective of what might be the course of the war and who might be responsible for its origins, the only victor that would emerge from it would be the Soviet Union leading the workers of the whole world; for it alone has a banner which, in case of a war, can become the banner of the masses of the entire world.

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SELF-SUFFICIENCY

Some Random Reflections

By Walter Lippmann

Editor's Note. This article has grown out of discussions held in New York on October 23 and 24, 1933, under the auspices of the Council on Foreign Relations. The group was non-partisan in character and was composed of persons holding a variety of views. Its membership was as follows: Benjamin M. Anderson, Jr., James W. Angell, Isaiah Bowman, Randolph Burgess, W. W. Cumberland, Edmund E. Day, Wallace B. Donham, Lewis Douglas, John Foster Dulles, Herbert Feis, Walter Lippmann, Ogden L. Mills, Winfield Riefler, Beardsley Ruml, Whitney H. Shepardson, Walter W. Stewart, Henry L. Stimson, F. W. Taussig, Henry A. Wallace and John H. Williams.

The meetings of this group were private and the article is in no sense a report of the proceedings. Even where certain ideas are recognizable as similar to those which members of the group have publicly expressed, the emphasis and the implications are entirely the author's own.

IT IS apparent that men approach the problem of economic self-sufficiency with differing intuitions as to how human societies can and ought to be governed. These intuitions are composed of differing fears and hopes. Thus those who embrace gladly the idea of self-sufficiency are almost invariably, I find, deeply impressed with the disturbances which can be caused within a country by uncontrollable forces originating in the outer world and in the undirected activity of men. The true believers in autarchy will be found arrayed, with varying emphasis and even with different objectives, against "internationalism" and against "individualism."

The simplest of all the reasons why men come to desire self-sufficiency is the fear of military encirclement and naval blockade: to be prepared adequately for war is to have all essential supplies under national control and, preferably, within an easily defended strategic area. It is easy to pass from this to the fear of economic aggression. Self-sufficiency, then, appeals to men as a method of protecting themselves against the vicissitudes of international trade: against imports which disrupt domestic industries and vested interests and established occupations; against tariffs in foreign lands which disrupt industries devoted to export; against embargoes or monopolies abroad which cut off essential supplies or exact exorbitant tribute.

This does not exhaust the appeal of self-sufficiency. From fear of military and economic aggression men pass gradually to a general sense that the more they are entangled in an international economy the less they are masters of their fate. So they

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begin to object to the international gold standard of the nineteenth century on the ground that in so far as it stabilized exchanges it unstabilized domestic prices and all economic relationships governed by the price structure. They look upon the international gold standard as a circuit through which the rise and fall of prices communicates itself to all nations within the system of the gold standard. Since this seems to mean that the national economy may be violently upset by forces originating in other lands, they look rather sourly at the international gold standard. From this they pass to distrust of international finance: if they are a creditor people, they are disposed to feel that the national savings should be invested primarily with a view to enhancing the national standard of life, rather than with a view to profit abroad; if they are a debtor people, they are disposed to resent their dependence upon other capitalists, and to feel that foreign capital, though convenient, is a danger to their independence and often humiliating to their pride.

In the next stage of the evolution of the ideal, men take the view that in so far as their economy is enmeshed with a world economy they are inhibited from experimenting with the possibilities of a more just and more stable social order. If industrial and agricultural prices are fixed in world markets, if domestic costs must compete with foreign costs, if capital can flee from one country and take refuge in another, if the national credit is dependent upon the confidence or lack of confidence of cosmopolitan capital, the reformer and the revolutionist is in chains and hardly dares to act.

Thus there is a whole spectrum of fears from military blue to revolutionary red which makes men interested in extricating the national economy from the intrusive and the binding forces of interdependence. But fears are not the only motives at work. There are also hopes. In varying degree those who are disposed to the ideal of self-sufficiency believe in the beneficent possibilities of a directed and planned social order. The most perfectly planned society is an army, and planned societies, whether fascist, communist, or state capitalist, all tend to approximate the pattern of military organization: a general staff to do the planning, a hierarchy to command, a rank and file under strict discipline. It is then easy to idealize such an order: to argue that it would transform the civilian into a civic soldier and would endow him with the nobler qualities of the military life: for he

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would work not for profit but in the service of the state; he would not indulge in the vagaries of his mind but would think the high common thoughts; he would be secure in his status, and the whole of which he was a part would be secure because it was disciplined, and could therefore be directed without the confusion of debate, of divided opinion, of private ambition, and of private greed.

Thus in the logical evolution of the self-sufficient ideal men distrust not only extra-national influences but the intra-national anarchy of individualism. They distrust foreigners and they distrust the individuals who compose the mass of men. On the other hand they have an enormous faith in the capacity of some men to govern other men. They believe that some men have the capacity to plan the activities of a whole society and then to direct those activities. Their faith in the capacity of some men to plan rests, of course, on the assumption that all other men will submit to the plan. For nobody honestly believes that planning can be carried out consistently among free men, that is to say among men who have their own plans for their own lives; or that planning, in the full sense of the term, is possible where discussion is free; or that a social order can be managed if those who compose it are not regimented. In a planned society no liberty is tolerable which would delay or hinder the execution of the plans. To manage a whole social order according to a central plan, human behavior must be predictable. The planner must know what men will produce and what they will consume: the only way to make sure of knowing this is to regiment men as producers and ration them as consumers. For you can confidently predict how men will behave only when you have power to order their behavior. Thus a completely planned economy calls for an authoritarian state.

These, it seems to me, are the broad characteristics of the ideal of self-sufficiency. I do not mean to suggest that everyone who is disposed to embrace the ideal embraces all its implications. I mean merely to indicate the boundaries and the main contours of the land one enters in opting for autarchy.

On the other side stand those who intuitively prefer a free international economy. Here one finds, it seems to me, two major premises. The first is that division of labor is necessary to the maximum increase of wealth. This is, of course, the time-honored argument for free trade, the revelation of Adam Smith,

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and all those who possess it are, therefore, disposed to regard any interference with the division of labor as uneconomic. Even when they assent to interference, either on the ground of military, political, or social necessity, they assent reluctantly and with the inner conviction that they are sinning against the light of economic righteousness.

But one would be doing scant justice to this philosophy by insisting that its whole inspiration is the desire to increase material wealth. There is another insight here which has a profound bearing upon the claims of autarchy. It is an insight into the limitations of the human capacity to govern. No one has stated this point more cogently than Dr. Benjamin M. Anderson, Jr.:

> The actual direction of industry, the decision whether more wheat shall be planted and less corn, or more shoes shall be produced and less hats, is not made by the state or by collective society, but is left to the choice of independent producers. These independent producers make their decisions with reference to the state of the markets. . . . If a government of a collective system undertakes to regulate the business of a country as a whole and to guide and control production, there is required a central brain of such vast power that no human being who has yet lived, or can be expected to live, can supply it. When millions of people are working, each at his own special problem, studying his own special market, making his readjustment piecemeal, under the guidance of market prices, the problem is manageable. If a central brain must do the thinking for all of them, chaos is inevitable. . . .
>
> Here, then, is the central contrast between our present system and a planned economy — in the problem of coördinating the economic activities of men and making a social order. Our present system relies upon the unconscious, automatic functioning of the markets. A "controlled economy" must do it, if at all, by conscious public planning, a central brain guiding, controlling and regimenting the masses of men. . . .[1]

The essence of the argument is that the decisions of markets as expressed in rising and falling prices are better regulators of human energy than any centralized planning authority could be. Those who hold this view argue that prices in the market places are in effect a continual referendum on what men wish to produce, what they wish to consume, where they wish to work, and where they wish to invest their savings. They insist that these competitive prices provide a more reliable method of collective judgment on the direction of industry than can be obtained in any other way, and they are disposed to resist all measures which interfere with the free encounter of buyers and sellers in the

[1] "A Planned Economy and a Planned Price Level." *Chase Economic Bulletin*, July 9, 1933.

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various markets. So they dislike tariffs. They dislike price fixing by government or by pools and combinations. They dislike wage fixing by law or by collective bargains. They dislike monetary policies designed to alter or stabilize the price level. They like the international gold standard because it enlarges the area within which prices are competitive. And in theory at least they ought to prefer complete freedom of migration throughout the world. For, as Dr. Anderson has put it, "the success of this system . . . depends upon the flexibility and the quickness with which readjustments can be made, and this, in turn, depends largely upon the extent to which it is competitive and free from unified conscious control." Freedom from conscious control would require not only freedom from "planning" in the current sense of the term, but freedom from tariffs and immigration laws and from almost all forms of domestic interference with prices, rates, wages, working conditions.

Now it is plain that this ideal is not embodied in any existing society. Not only are there tariffs and immigration laws, central banking policies and credit controls, but throughout the structure of industry there operate laws, collective bargains, gentlemen's agreements, as well as fixed bonded indebtedness, long term contracts, fixed rentals, fixed salaries, which impose rigidity where Dr. Anderson calls for flexibility, and inhibit those quick readjustments which the success of his social philosophy calls for. Nor is that all. The most rigid elements of the existing system arise from the fact that so many men prefer to live where they have always lived, and to do the kind of work they have always done. The perfectly free economy requires perfectly mobile human beings. But in spite of Adam Smith's revelation, men cling to their homes and their trades, and have a way of becoming highly infuriated when under the pressure of free markets they are compelled to move on. The rigidities which have been introduced into the existing systems, the tariffs, immigration laws, the social regulation and the trade unionism, the tendency to make long term contracts as to debts, salaries, rents, the efforts to "stabilize" prices — the whole conglomeration of sins against laissez-faire — are rooted in the conservatism of the human race, in its resistance to quick readjustments, in its dislike of changing its way of life, in its unwillingness, in short, to submit to the compulsions of free markets.

Thus in comparing the ultimate implications of a planned

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economy with those of a laissez-faire economy, the regimentation by central authority must be weighed in the scales against the anonymous compulsions of the markets. "Quick readjustments" and "the free movement of capital and labor from industry to industry" must be translated into human actualities before one can really understand why the resistance to laissez-faire is so general and so profound. One must imagine the farmer who is forced to give up his farm in order to effect a "readjustment;" the miner who must find a new trade in a strange place; the textile worker who must move on. One must picture to oneself what it means to uproot a family in order to readjust it, — to leave a home, to say farewell to friends, to take children out of their schools and away from the places where they play, and to wander off from warm, familiar things into the cold unknown. Then only can one begin to understand why the masses of mankind are disposed to flee from the evils they know to evils which, though they may be greater, are not yet known.

And so it may be said, perhaps, that the difficulty of a self-sufficient controlled economy would lie in the lack of wisdom for centralized direction and the necessity for regimentation; that the difficulty of international laissez-faire has been found to lie in the immense human resistance which has developed to the consequences of free competition. And one may perhaps conclude that, given human capacities and human dispositions, the ideal of a planned society, of a competitive society, are both, in any rigorous sense, incompatible with our reality. We must, therefore, it seems to me, look upon these two ideals as two poles between which it is necessary to navigate, and as, like the poles, both of them interesting to the explorer but exceedingly unpleasant as a permanent habitation. The degree to which an actual social economy, the American economy, for example, should and must move toward one or the other of these two ideals cannot be deduced from the theoretical pretensions of either of them. The course has to be determined by the pressure of preferences among the limited choices that circumstances provide.

For the American economy is obviously not now organized for a policy of self-containment. Very important producing interests both in agriculture and in industry are adapted to world markets, and must face enormous losses and human misery if those markets are permanently lost. Those who argue that the exports of the United States are a negligible fraction of the total production are

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using statistics to obscure the realities. To reduce American agriculture to a self-contained market would, it is estimated, call for reducing the productive acreage by 40,000,000 acres of average land or by 60–70,000,000 acres of poor land. This is not a negligible readjustment. What would be required, in the way of loss of capital and displacement of labor in order to reduce American industry to a basis of self-sufficiency, I do not know, though it was estimated in 1928 that two and a half million families were dependent upon industrial production for export.

Obviously, only a fanatic would deliberately choose to go through the social difficulties of such a vast readjustment in order to attain the theoretical advantages of a closed economy. But though the American system is not now adapted to autarchy, it is no less evident that the world economy is not now adapted to the American system. The markets to which the American producers for export are adapted have become greatly restricted, partly no doubt because of the emergency, but in some important part, permanently. It is perhaps possible to believe that eventually the foreign trade of the United States will be greater than it was in the post-war period; it is impossible to believe that it will be composed of the same commodities. More particularly does it seem improbable that the United States can hope again to export much food, for the secular trend, though perverted by the war, is deeply against this trade. Nor does the prospect seem promising for a permanent resumption of the mass production of consumers' goods for export.

Therefore, one must conclude, I should think, that profound readjustments of capital and labor will be called for quite regardless of whether one prefers an open or a closed economy. I strongly suspect that the amount of planning, of centralized control, and of regimentation which we adopt will be determined by the amount of readjustment which circumstances force upon us. Secretary Wallace has pointed out in public speeches that the choices open to us are these: to increase foreign purchasing power in the United States by accepting at least one billion dollars more imports than we did in 1929; or to take from forty to seventy million acres out of production; or to take a middle course, admitting perhaps half a billion more of imports, and returning some land, but not the whole of the forty to seventy million acres, to the public domain. The first alternative, which is to admit large imports, would throw the main burden of readjustment on indus-

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try and a lesser burden on agriculture; the second alternative would throw an enormous burden on agriculture as well as industry; the third, or compromise, alternative would distribute the burden. By no one of the alternatives do we escape from the necessity of great adjustment.

I do not know how reliably the magnitude of the readjustments can be estimated. The fact that it is so difficult to estimate them tends to show how difficult it is to conduct a planned society; yet the fact that vast readjustments have to be made, whatever course we pursue, shows that for the process of the readjustment much planning and much control are bound to be necessary. For it is not conceivable that a readjustment in such vast amount can be carried out peaceably by private initiative and by concentrating the losses on the individuals directly concerned.

It seems to me reasonably clear that in the United States the movement toward a closed and controlled economy derives its main impetus not from a new social gospel but from the necessity of overcoming the consequences of agrarian and industrial dislocation. There has been no mass conversion from individualism to collectivism. Thus far, at least, there are only collective expedients to assist the individual farmers and private industry to readjust themselves. It may be that these collective expedients will work in such a way that they will establish themselves permanently. It may be that they will work so badly that they will be discredited. It may be that they will work so quickly and so well that they will seem unnecessary. I do not see how anyone can know enough to prophesy. The essential characteristic of the whole movement is its extreme empiricism, at least from the point of view of the mass of the people. There are enthusiasts, to be sure, to whom it is the realization of a doctrine. But whatever the doctors may think, the patient, that is the nation composed of individuals, tests the medicine by its effects.

So, if at this moment in the autumn of 1933, I had to testify in answer to the question: Is the United States passing through a social revolution which will bring into being a closed and controlled economy?, I should have to answer in some such way as this: The economy of the United States is dislocated. Since the economic relationships which existed before 1929 cannot for various reasons be restored, "recovery" involves certain deep readjustments. The system of free enterprise has become too rigid and the sense of social obligations too acute to permit the

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carrying out of these readjustments by individual action and individual sacrifice. Therefore, by the logic of the circumstances, the United States has been driven to experiment in collective control designed to facilitate the necessary readjustments. These experiments have their roots in the desire for recovery rather than in a popular enthusiasm for the ideal of an authoritarian state and a planned economy. They are, therefore, practical expedients rather than revolutionary processes. But it is possible that the dislocation may not yield to the expedients, thus compelling resort to more drastic ones. It is possible that the expedients may themselves deepen the dislocation by inhibiting the free enterprise upon which an essential part of recovery depends. It is possible that the expedients will seem admirable and equally possible that they will seem detestable.

And therefore the only conclusion that is now justified, it seems to me, is that as long as the expression of opinion remains free, it will be immediate experience rather than theory which will dictate the course of policy. Indeed, the more I reflect upon the problem, the better I understand why revolutionists bent upon a radical transformation of human society do, and in fact must, begin by abolishing freedom of expression. There is no other way in which a complete transition can be effected swiftly except by preventing the people from impeding, deflecting, and limiting the change in accordance with their experience.

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AMERICAN AGRICULTURE AND WORLD MARKETS

By Henry A. Wallace

WHEN this Administration came into power on March 4, 1933, we knew that more than 40 million acres of land in the United States were producing material which could not be consumed within the country. We knew also that with the American government as it is, it would be impossible for a number of years to reëstablish a large American trade in world markets.

By suddenly changing long-established debtor and creditor relationships the World War stemmed and profoundly altered international currents of trade. In no other country was the shift from a debtor to a creditor position so sudden or of so great significance as in the United States. This country went into the World War owing other nations 200 million dollars annually on interest account and came out with other nations owing it 500 million dollars annually. Moreover, the production of our farms and factories was enormously stimulated during the war. Our financial and political leaders tided over the situation, or glossed it over, by maintaining a false market for our surpluses abroad. To do so, we loaned an average of more than 500 million dollars a year to foreign countries. While this false foreign market for American exports was being maintained, Congress twice raised tariffs. Schedules were raised in 1922 and again in 1930.

From 1926 onward it became increasingly plain that modern technique applied to agriculture and to the production of other raw materials was heaping up a world-wide oversupply. The reduced prices which resulted from these increased stocks had a serious effect on farm purchasing power the world over. Overproduction played an important part in the ever-descending spiral which began in 1930. The situation was made worse, of course, by extraordinary nationalistic efforts put forth in nearly all of the food-importing nations of the world to raise as much as possible of their food at home. The import quotas of the British, the exchange quotas of the Germans, and the greatly increased food tariffs of nearly all European countries are well known; and it is also well known that these countries have greatly increased their production of wheat and hogs.

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Today it is clearly apparent that there is no effective foreign purchasing power for our customary exportable surplus of cotton, wheat, lard and tobacco at prices high enough to assure social stability in the United States.

Traditionally, the Democratic Party is the party of low tariffs. Actually, Democratic administrations have never made changes in the tariff structure great enough to increase foreign purchasing power to the extent demanded by the present world dilemma. Many of the most influential people in the present government believe wholeheartedly in reciprocal tariffs, and wish to bring about such agreements as rapidly as possible; but enough action to assure a substantial increase of foreign purchasing power for American products cannot be expected for several years.

Plantings of our major crops were on the old blindly expansive basis when the Agricultural Adjustment Administration started work on May 12, 1933. The first big job facing it was what to do about cotton. The American carryover was three times the normal amount; more than 40 million acres of new cotton was growing; and there was every advance indication of an unusually high per-acre yield. Therefore, we put on a great cotton plow-up campaign, an effort that in its sweep and boldness went beyond anything known to history; and the like of which, I hope, we shall never have to resort to again. To destroy a standing crop goes against the soundest instincts of human nature. The right way to adjust farm output is to plant less. But our people had been lured by unreasoning hopes and by their hardy pioneer instinct into continued expansion at any cost.

The thing we had to do was hard, but it was at least an active response to realistic thinking. The Administration offered the cotton farmers certain cash and rental benefits if they would turn their minds around and plow up the part of their cotton which ought not to have been planted in the first place. The money to induce this reversal of thought and practice was raised by means of a cotton processing tax on cotton manufacturers. The campaign was even more successful than we anticipated. Ten and a half million acres — more than one-fourth of the national cotton acreage — were plowed under.

Now we are launching our cotton campaign for 1934. The purpose is to cut the number of acres of cotton planted in the south next spring from 41 million, which has been customary in recent years, to 25 million acres. In this way we hope to be able

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to bring our cotton carryover down to normal proportions within two years. It does not follow that we intend to abandon our world position in cotton. During the next two years we can take care of our customary exports out of our huge carryover. After that, we will probably begin to expand our cotton acreage again. But this time it will be a controlled expansion, organized from the ground up, farm by farm; and not simply another ungoverned competitive outburst of overproduction.

None of our production schedules for export crops will be adjusted to a strictly domestic basis. Our foreign trade in these crops has dwindled, speaking generally, to a mere trickle, but we still have foreign customers for cotton, tobacco and certain foodstuffs. We want to keep that trade if possible and get more foreign trade if we can. Our immediate effort is to organize American agriculture to reduce its output to domestic needs, plus that amount which we can export with profit. This adjustment program must in its very nature be kept elastic. "The fluidity of events in society," Rexford G. Tugwell has written, "will always be the despair of theorists." If or when world trade revives, we still can use to excellent advantage our new social machinery for crop control. We can find out how much of our crops they really want in other countries, and at what prices; then we can take off the brakes and step on the gas a little at a time, deliberately, not with the reckless disdain for world traffic signals that we exhibited in years past.

It will be impossible, of course, to create social machinery that will function with absolute precision from the first. In all advance computations of harvest we must allow some margin for turns in the weather and for the as yet imperfectly coöperative spirit of man. In widespread operations, however, isolated vagaries tend to cancel out; and this is particularly true if the expected harvest is computed from past averages over a term of years. Personally, I am wary of attempts to stabilize markets by impounding a product. The Farm Board's efforts in that direction demonstrated perfectly what is almost certain to happen when stabilization manœuvers are resorted to alone. The momentary withholding of the product hoists the price; the hoisted price induces a greater sowing; the greater sowing wrecks the price and disorganizes the whole market structure of that particular crop, perhaps for years to come. But this applies, perhaps, more particularly to stabilization operations conducted as if they were

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a cure-all. If under our entire farm structure of farm prices we can put a solid basis of controlled seeding, then stabilization, and perhaps induced exports, within the limits of well-defined world agreements, become defensible and somewhat more promising means of meeting temporary emergencies. It is possible that in the future we shall employ stabilization and induce shipments as auxiliary devices to level off regional and national crop excesses and deficiencies from year to year. But for the long pull, I think such devices should not be relied upon except as temporary levellers in programs of calculated harvests, socially controlled.

America has such an obvious natural advantage in cotton production that it would seem to be sensible to have a surplus of American cotton to exchange for rubber, silk and coffee. Of all our exports, cotton should probably be the last permanently to go. The people who urge that our cotton limitation program is encouraging the foreign growth of cotton are mistaken. At this writing the gold price of cotton in world markets is as low as it was last March. Foreign growths of cotton have been declining in recent years and for the time being our policy is doing nothing to encourage foreign growths. This situation will of course have to be reëxamined about two years hence when our huge carryover has been reduced to normal. By that time, it is to be hoped, the American people will have become willing to accept sufficient goods from abroad so that the foreign countries will have adequate purchasing power with which to buy a normal supply of cotton at a fair price.

The case of wheat is very different from that of cotton. We normally export less than one-fifth of our wheat; our normal export of cotton exceeds one-half the crop. Moreover, the world wheat situation is much more unfavorable to wheat exports from the United States than is the case with cotton. The world is glutted with wheat. In France, I am told, the War Ministry has built great concrete warehouses to store the excess. In South America, grain ships lie at the mouth of the Platte, waiting for a market which does not appear. In Canada and in the American northwest, wheat in huge piles moulders in the open field. In Australia, warehouses bulge and people suffer. In the great lake-shore cities of the United States, towering elevators are filled almost to the bursting point, and in the very shadow of those grain elevators hungry, homeless men and women are on the relief rolls. In China there have been famines, and in parts of Russia

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conditions have at times been almost as bad. Six hundred and forty million bushels of excess wheat is a terrific and ironic sequel to the Malthusian prediction of a devastating scarcity.

What has happened in the 130 years since Malthus prophesied, to compel so striking a reversal of thought and method as the London agreement indicates? Why must the wheat farmers of the world now arrange together to sow and ship wheat, on a diminished production schedule, in order that want, famine and international ill-will may abate?

"The spread of wheat production during the past century across the virgin and fertile prairies of the United States, Canada, Argentina and Australia, Russia and Siberia, is a romantic and fascinating story, but its profound significance has not been apprehended," writes Dr. O. E. Baker, of the United States Department of Agriculture. "Hundreds of ponderous tomes have been written about the Industrial Revolution in western Europe and eastern North America, which ushered in our modern civilization, and has been considered its basis; but scarcely a volume has described the Agricultural Revolution in eastern Europe and western North America, which transformed the grass lands into grain lands and supplied the food and fibers that made the Industrial Revolution possible. In the time of Malthus, only a very small portion of southern and southeastern Russia had been broken for wheat. The Hungarian plain was still mostly pasture-land, with large estates and baronial cattle kings. Our American prairies and dryland plains had yet to be crossed by white men. The pampas of Argentina was an unmapped wilderness; and only a fringe of land along the coast of Australia had been explored."

The march of wheat from lands originally forested to the steppes and prairies, and an attendant passage from a pastoral to a commercialized, mechanized and inter-dependent agriculture, provided food for the rapidly increasing industrial populations of western Europe and eastern North America. The increase of population in these industrial areas has until fairly recently been even greater than in the vastly more extensive agricultural regions of the white man's world. The rapid increase in urban population during the century induced the attitude that over-production of wheat or any other farm product was not permanent, for the surplus would soon be needed by the cities. Such a belief has been based on sound reason in the past; but looking to the future the reason seems unsound, for the popula-

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tion in northwestern Europe, where most of the wheat exports have gone, as well as in the United States, is rapidly becoming stationary, and this stationary population is likely to be followed by a decline. In 1932 the urban population of the United States apparently decreased, for the first time in the nation's history. Although this was owing partly to migration back to the land, the birth rate has now become so low in the cities that unless a heavy migration from the farms to the cities is resumed soon, many cities will soon begin to decline. A stationary national population may be expected within ten or fifteen years.

As our American west opened up, the little eastern farmer, growing wheat in rotation on patches, was up against what amounted to a great new mine of western land that gave forth wheat enormously. But the rapidly increasing population of that time, plus export outlets, absorbed the product. Our wheat production per capita rose from 5 bushels in 1840 to 8 bushels in 1880. Consumption per capita increased slightly. Exports increased about as rapidly as our population from 1880 to 1905, then decreased to about one-half by 1913. That decrease reflected a reaction to vastly increased plantings elsewhere. The production of wheat over the world as a whole increased 40 percent in the twenty years between 1891 and 1911.

In the years immediately before the war, agricultural production in the United States was tending toward adjustment on a domestic basis. We were sowing, customarily, between 45 and 50 million acres of wheat a year; and the world as a whole was sowing from 250 to around 275 million acres a year. But in 1919, when the war ended, the world acreage had increased little if at all; and the United States had stepped up its plantings to 73 million acres.

We should have seen the handwriting on the wall, and started then and there to retire our wartime emergency acreage of wheat; but we did not. We kept on going it blind, full steam ahead, for something more than ten years. By the end of that time Europe was back in stride agriculturally, and growing a remarkable amount of wheat. Here are some comparisons between pre-war (1909–13) wheat production in European countries, and present wheat crops: Czechoslovakia, on territories which grew 38 million bushels before the war, will grow 66 million bushels this year. France was back to its pre-war harvest of 325 million bushels by 1921; this year she will harvest 338 million bushels. Italy has

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increased her harvest from 184 million to 272 million bushels; Sweden, from 8 million to 29 million bushels; Germany, from 131 to 192 million bushels; and so on.

Wheat is peculiarly a symbol of basic sustenance. As nations adopt meaty diets and more complex, expensive standards of living, bread becomes less important in their life, but hardly less important in their hearts and minds. "Give us this day our daily bread" has to the most civilized of people, especially in time of threat or hardship, a profound emotional significance. In the United States we probably eat about 100 pounds less of the cereals per capita than we did a century ago. But when we get into a war we cry "Wheat Will Win the War!" And when we get into a terrible economic jam afterwards, we speak of the lines of men to be fed at the expense of the community as "bread-lines."

Similarly, as Europe in extremity and fear turned after the war to nationalistic huddling, the thought of bread at home, in case of further attacks and disasters, has exercised a powerful influence. In Italy, Mussolini called for a "Battle of the Wheat." France publicly decorated the most faithful and productive of her peasants. Great Britain paid bonuses to farmers who extended their wheat sowings. All through Europe high wheat prices, sustained artificially behind high tariff barriers, served even more powerfully than words and decorations to keep each nation's wheat crop piling upward. In some countries there was also the thought that peasants well paid for wheat would be a good deal less likely to join with radical enemies of a capitalistic order.

All these developments made themselves keenly felt in the United States. Barriers or not, the civilized world is an interdependent community nowadays. Economic warfare must be paid for everywhere, in the long run, just as armed warfare must be paid for everywhere. Possibly, as I have said, we might have pulled out of the wheat race earlier, and saved ourselves some of the grief; but we weren't smart enough. So we kept right along with all the rest, glutting the world with wheat. Germany, France and Italy increased their tariffs to $1 a bushel or more. Our own prohibitive Fordney tariff at 42 cents a bushel served as both sting and precedent to these restrictions.

During the ten years that we sent money overseas to pay for the wheat that we also sent, our wheat carryover, despite continued overplantings, kept fairly close to the 100 million bushel

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mark, in other words reasonably normal. In 1929 our carryover stocks rose to around 150 million bushels; in 1930 they almost touched 200 million bushels; in 1931 they broke that record; and in 1932 piled up to the crushing total of 360 million bushels. Last winter, the United States had the largest wheat surplus and the longest bread-lines in its history.

I cannot describe here in detail the steps that the United States has initiated to correct this fantastic situation. The idea of an induced coöperative adjustment of crop acreages was first suggested by Dr. W. J. Spillman, of the United States Department of Agriculture, in 1927. It came to be known as the voluntary domestic allotment plan. In working the plan over and simplifying it somewhat, M. L. Wilson of Montana, Dr. John Black and others, drew it up particularly in terms of wheat. The plan was originally presented to Congress in July 1932, in the Hope-Norbeck bill. The bill failed of hearing, but evoked wide interest, within our borders and without. To those who were working for it word came which indicated that other great countries were getting tired of paying their farmers artificial prices to produce too much; and that they felt the American plan of paying for balance held better possibilities. As early as the spring of 1932, Professor Wilson, now our Director of Wheat Production, and Dr. Mordecai Ezekiel were communicating informally with Canadian officials along this line. The London Wheat Agreement grew out of those conversations. The plan that we are applying to the control of wheat production in this country, and the plans we shall follow also as to cotton, corn and hogs this year, are essentially the voluntary domestic allotment plan. In essence, it is a program of governmental adjustment payments to coöperating farmers, rewarding an orderly coöperative adjustment of acreage pro-rata, farm by farm. In the administration of this and of auxiliary or fortifying measures the Farm Act of May 10, 1933, gives us wide permissive powers.

One million, two hundred thousand American farmers grow wheat. We have just closed our first year's wheat adjustment campaign, a campaign of reason quietly conducted by 6,000 agricultural extension workers and 30,000 volunteer helpers. The purpose was to get American farmers to look beyond their line fences at the world wheat situation, and to sow their wheat together on a sensible, prearranged production schedule, geared to world demand.

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This year's wheat plan, arranged with world accord, calls for each American farmer to sow for next year's harvest 15 percent less wheat than he has in the past. Complete reports from the field are not yet at hand, but it looks as though nearly 600,000 farmers have agreed to coöperate. The 600,000 farmers in question control about four-fifths of our commercial wheat acreage. That should mean a considerable change in our wheat map next year — around 8 million fewer American acres in wheat, and at least a hundred million bushel bite into our wheat surplus.

Next year it is likely that our acreage of all harvested crops will be at least 30 million acres (perhaps nearer 35 million acres) under the total of recent years, as a result of our emergency adjustment plans. The crops we are acting upon are all key crops. To alter the proportionate seeding of any one of them over all of the 1906 million acres of the United States requires us to consider the whole of our land in a new way. One move compels another. If you take wheat from this square, you cannot for long let that space be idle, choked with weeds, or washing in the rains. You must, as a stopgap, sow that land to some non-competing, soil-protecting crop, probably a grass. That move in turn compels a whole series of others. For when you increase the acreage in grass you inaugurate in that locality a tendency toward livestock farming, and this tendency, unless governed and balanced, will tend to dislocate the present set-up of livestock production throughout the country. In changing our pattern of basic crop production, we have set out upon a process which is bound to alter our entire agricultural structure; and I think it may go beyond that and lead in time to a rational resettlement of America.

The ramifications of an experiment like this are frightening to many people; it is so much easier to do nothing, or at least to do only those things which will not be disturbing to the timid, even if this does involve repeating the same old mistakes. In many quarters the point was made that once you get started on a thing of this sort there is no end to it. That is perfectly true, but the same argument might be made against getting up in the morning — there is no end to the problems the day may put up to you. Some of our forefathers may have grumbled about it, but they did not in the end refuse to make the change from ox-sleds to buggy-riding, a change which presented some new problems involving wheels and harness and spirited horses. In our generation we have had very little hesitation in diving headlong into

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the immensely complex problems of auto-mechanics and aero-dynamics.

The task of devising social and economic machinery is far more difficult, and the results will always be harder to appraise, but I have a great faith in the dauntlessness and persistence of the human spirit when the goal is as universally desirable as our present one. Though the first machinery we design may be as crude, as hopeless-looking, and as much the butt of ridicule as was the first automobile, I shall not therefore throw up my hands in despair.

In saying all of this, I do not claim that the actions taken under the Agricultural Adjustment Act, or the National Recovery Act, or any other of the emergency acts, helpful as they may have been temporarily, constitute a fundamental plan for American agriculture. What we have done has been frankly experimental and emergency in nature, but we are working toward something which is going to be permanent. We are temporizing with the situation until the American people are ready to face facts. The bare, distasteful facts, I mean, involved in such matters of policy as exports, imports, tariffs, international currency exchange, export quotas, import quotas, and international debts. These are the weapons of economic warfare which are more deadly than artillery. These economic weapons are so subtle that they have a nasty way of bouncing back on you with redoubled force when you think you are using them against the enemy. Fundamentally, these weapons are spiritual in nature, although this is not recognized by business men and by very few statesmen.

For fifteen years the United States has blundered along refusing to decide whether it would use its creditor position in world affairs to assume a position of world economic leadership, or whether it would toss overboard the debts owed from abroad and follow a policy of strict nationalism, or whether it would adopt some combination of the two. The prompt solution of this problem, and a steadfast adherence to that solution, are more important to farmers than to any other large class of our population. The failure to adopt a sound course in our foreign relationships has cost the farmers of the United States many billions of dollars. The plan we followed was essentially to close all the safety valves of the international boiler and then to increase the pressure beyond endurance by demanding payment of debts from abroad

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with one hand while with the other hand we made sufficient payments impossible by our tariff policy. The explosion was bound to come.

During the war and in the years afterwards certain things happened which make it certain that we will never go back completely to the old happy individual sort of thing that marked the era of our expansion as a nation. We are fated to make very great adjustments. There is no chance to turn back. Much as we all dislike them, the new types of control that we have now in operation are here to stay, and to grow. We have got to go on doing all these things which we do not want to do. The farmer dislikes production control instinctively. He does not like to see land idle and people hungry. The carriers dislike production control because it cuts down loadings. The processors dislike it because of the processing tax. The consumer dislikes it because it adds to the price of food. Practically the entire population dislikes our basic program of controlling farm production, and they will do away with it unless we can reach their intelligence. We must show the need of continuing it in order to save in some part the institutions which we prize.

Enormously difficult adjustments confront us, whatever path we take. There are at least three paths: internationalism; nationalism; and a planned combination of the two. We cannot take the path of internationalism unless we stand ready to import about a billion dollars' worth more goods than we did in 1929. What tariffs should we lower? What goods should we import? And how much of these goods? Tariff adjustments involve planning just as certainly as internal adjustments do. Even foreign loans might involve a certain amount of planning. When we embarked upon that terrific expansion of foreign loans in 1921 we did not plan. We did not then, in our boisterous youth, have the same view that England had after the Napoleonic Wars. Rather consciously she placed her loans having in view a long-time program of imports and an exchange of goods. Our own adventure was solely with short-time profits in view. Few Americans realize even now that it takes just as much planning to follow a plan of internationalism as it does the path of nationalism. The planning is of a different sort and is not as apparent to the people. England, because of the fact that she has had an extraordinarily well educated upper class which was able to think in terms of decades instead of in terms of weeks, and which also commanded the

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confidence of the rank and file of the people, has been one of the few nations able to engage successfully in plans of internationalism. If we in the United States are to follow the path of internationalism, we must have both political and financial leaders in whom we have confidence. The people themselves must understand the plan. They must be willing to stay by it not for four years only, but for at least ten or fifteen years. A plan of this sort in the United States means that certain industries which are either inefficient or have used the tariff to enjoy what essentially is a monopoly profit, will be harmed by the necessary lowering of the tariff. This means that if the majority of the people of the United States decide on internationalism as a long-time policy, they must be prepared to stand up against the political pressure coming from the minority groups.

In examining the path of nationalism, we find ourselves confronted with difficulties fully as great as the international course which I have just described. Under the theory of economic nationalism we must be prepared to make permanent the retirement of our 50 million surplus acres of crop land. If the bulk of the people of the United States finally decide for nationalism, they must be prepared to resist firmly those special groups which try to get farmers to produce for a foreign market which no longer exists.

Today there are millions of people in the United States, Democrats and Republicans alike, who want to play the same old game all over again. They want to see us loan fresh hundreds of millions of dollars to foreign nations so that they can buy goods from us while at the same time we increase our tariffs another notch. I feel keenly about this because it is the very issue which caused me to leave the Republican Party. I do not want to see the Democrats, just to get over the difficulties of the moment, follow that foreign economic policy of Harding and Coolidge which wreaked such vengeance on Hoover.

Foreign loans are all right provided at the time we make them we know that we are certain to have a tariff policy which permits their repayment. This means a totally different kind of tariff policy than we have ever had in the past. It means a complete change in the psychology of the American people. Ideally, it means that when we make a loan anywhere outside of the United States we shall know approximately the quantities of the different kinds of goods which we are going to accept from that nation

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in repayment. It means that we play the game in an even more definitely conscious way than England has played it with Argentina. England loaned money to Argentina to build railroads and furnished the railroad equipment to her. In return England received from Argentina her wheat and cattle. With us the necessity for definite planning in our loans and our tariffs is much greater than with England because our tariffs are so much higher. It is easy for foreign trade experts to talk about triangular and polyangular trade and thus avoid the necessity of forming clear-cut trade deals with a given country. But if we are going to follow the path of internationalism, it seems to me that the only safe way to handle it is to conclude both loans and trade deals with foreign countries as nearly as possible on a bilateral basis and not get involved in the confusing complexities of triangular and polyangular trade which the economists like to use to mess up our minds.

The compromise path between economic internationalism and nationalism is the path we seem to have taken now, though not irrevocably. We need not go the whole way with an international program involving a billion dollars extra a year in imports. It is possible to plan for a half-billion dollar increase in imports, and for 20 million instead of 40 million fewer acres in production. There are intermediate points between internationalism and nationalism; it is not a question of going two ways at once, but of following a planned course consistently.

My own bias is international. It is an inborn attitude with me. Call it semi-religious, if you will; but I have very deeply the feeling that nations should be naturally friendly to each other and express that friendship in international trade. At the same time we must recognize the reality that the world at the moment is ablaze with nationalistic feeling, and that in view of our own tariff impediments it is highly unlikely that we shall move in an international direction very fast. Therefore, we must push with the greatest vigor possible this retreat from surplus acres; and seek to arouse in our people the intellectual stamina necessary to meet and triumph over unpopular facts.

As we wrestle with all these infinite complexities we are tempted at times to give in to easy hopes and easy ways of thinking. But we cannot afford to dream again until we have faced facts like men and set the fundamentals of our national structure to rights. Modern life has become complex beyond

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expression. The way out of the crisis lies through controlling its complexities; wishful thinking will not help us, nor will a conscious retreat toward the past. Much that we have attempted so far is hasty patchwork, necessarily. But through all the stress and strain of this age one great contribution to our country's future order and stability begins to emerge. I refer to the steps we have taken toward a permanent land policy. There is a tremendous job to be done in returning to the national domain hundreds of thousands of acres on which the people now trying to make a living are bucking an impossible situation. Anyone at all familiar with the American continent will know the kind of land I mean, and the all too frequent result: generation after generation of rural slums. That kind of thing must not be.

We have enough resources and enough intelligence in the United States to provide for twice our present standard of living at least. Equally well we know that there are certain emotional and intellectual handicaps which we have inherited out of our past. Those handicaps are hard to overcome. But we have at least formed an urgent, pushing desire to do so. It may be that we shall have to unlearn many things that we learned at our mother's knee. It may be that we shall have to change our minds and hearts. I sometimes like to think that we are on the threshold of a new economics — not the hard, hopeless economics of Adam Smith and that crowd, rooted in the past, but an Economics of Potentialities, of things as they might be, not as they have been in the past.

Only those really close to science can know the abundance that could be ours if there were even-handed distribution and justice between groups. The grinding effort to subsist would drop out of sight if we could achieve justice and balance. Oh! how the world has been under the weight of that need to subsist, to keep body and soul together, in the past few years! We can throw off that miserable burden. We can stand like free men in the sun. And human minds and hearts, and human will, are saying, "It will be done!"

But these as yet are vague, chaotic stirrings here and there. Unless we can give them common voice, and win a general understanding of our purposes; unless we can fan the isolated sparks of enlightenment to a point where the people as a whole can see them and be willing to stand a certain amount of physical and psychological discomfort for the sake of far ends, then the

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people may rise up and throw our whole program overboard. That might easily happen. Yet I do not feel that it will. After all, we are not trying to change human nature; we are only trying to unchain it from concepts which have made our common life intolerable. Men want to be wise, generous, and in the world sense neighborly, if they can only be shown how, with the world as it is, they can manage to do so and survive.

I have the feeling that a changed attitude toward world trade in this country, when and if it comes, will come much more quickly than anyone now anticipates. That the tide of public opinion may change abruptly is evidenced by our sudden abandonment of the Prohibition Amendment. A reversal in tariff policies may come as quickly. It is interesting to recall that after the Napoleonic Wars sentiment in England was strongly high-tariff. The first Parliament prior to England's sweeping adoption of a free-trade policy was powerfully protectionist. Then something happened. The facts of the situation went home to the general intelligence; some sort of a resistance point was reached; and the thing changed. That may happen to us. But in saying this I must emphasize that I am speaking hopefully, and with feeling, not on the basis of discernible facts, for actual signs of an impending swing of enlightenment are at the moment lacking.

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PLANNING INTERNATIONAL TRADE

By G. D. H. Cole

THE classical economists of the eighteenth and early nineteenth centuries rightly regarded international trade as the international form of the division of labor. Adam Smith, who began the "Wealth of Nations" with his famous chapter on the division of labor as the source of the increase of wealth in modern societies, went on explicitly to treat of international trade as simply the extension of the same principle to cover the whole world market. Just as within each country exchange would be beneficial between one area and another, because different areas have different natural or acquired suitabilities for the production of different types of goods, so international commerce would be profitable to importer and exporter alike because of corresponding differences in national aptitudes for the various branches of production. International trade, like internal trade, was, in the view of the classical economists, essentially a process which would benefit both parties to the transaction and enable the sum total of wealth produced over the world as a whole to be greatly increased.

Of course the classical economists combined with this view of the beneficial consequences of international commerce the strong opinion that it ought to be left utterly unplanned and uncontrolled. Intent chiefly on breaking down the barriers which had been put in the way of the free development of both internal production and exchange and international commerce under the mercantile system, they stood for the freedom of production and trade in both the national and the international sphere, trusting to the enlightened self-interest of the individual entrepreneur to serve, better than any planned system possibly could serve, the interests of mankind as a whole.

Their views, accepted by Great Britain as the basis of her free trade commercial policy, and echoed by later British economists, were never similarly received without question in other countries. List set up against the cosmopolitanism of Adam Smith's outlook his "national system" of political economy; and, while some continental economists, notably in France and Austria, went even beyond their British mentors in devotion to the principles of laissez-faire, in most continental countries economists were di-

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vided, and the actual policy pursued was that of tariff protection for the domestic producer. Nevertheless, even those economists who favored protection in the sphere of international trade were usually strong advocates of laissez-faire in the sphere of domestic production; and List, equally with the free traders, was a strong advocate of international commerce and the international division of labor, holding that protectionism was only the right policy for a country adapted for the development of advanced manufacturing industries, and even so was appropriate only until such a country had reached the stage, already existing in England, at which it could afford to throw down its tariff barriers and trust for its place in the world market to its productive efficiency alone. List is in fact the father of the "infant industries" argument, and by no means of any form of economic nationalism which sets forth protection as in the long run a sound basis for economic policy.

The free trade economists, however, formulated their doctrines when the economic development of the world was far less advanced than it is today. Within each country they thought in terms of a system of independent entrepreneurs competing vigorously one with another for a share in the market; and they conceived of this system as reproducing itself through the intermediacy of competing merchants in the sphere of international commerce. The first question that arises in considering the future of international trade is how far their conclusions have to be modified in the light of the enormous change which has taken place in the actual structure of capitalist industry during the past fifty years. For nowadays within each country trusts, combines and cartels have come to be in many industries a recognized feature of the productive system, often encouraged by the action of the state, whereas a generation ago they were ostracized or even on occasion suppressed. Nor has capitalist combination stopped short at national frontiers; a great many of the most important combines of today are international, in the sense that their operations extend beyond a single country, and sometimes even cover the greater part of the world market.

It is generally recognized that within any single economic system the growth of combination profoundly affects the working of the free market, by making prices no longer the result of a large number of separate bargains between individual producers and consumers, but rather the outcome of a deliberate policy

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pursued in the light of intelligent anticipation of demand by organizations powerful enough to control the volume of production and to set upon commodities their own prices within the limits of what consumers are prepared to pay. These limits even the most highly combined industry cannot of course escape; for whether it attempts to regulate prices or output it must in effect regulate them both in accordance with the conditions of consumers' demand. To fix a higher price for a commodity is necessarily in all normal cases to restrict sales, while to limit output is to enable a higher price to be charged. But whichever policy a combine pursues, where it is in effective operation the free market no longer exists, and the levels of prices and sales are the results of deliberate choice by the producing groups between a number of possible alternatives, and not of the uninfluenced higgling of the market. This applies even more forcibly in the sphere of international trade. For whereas there are often considerable difficulties even for strongly organized combines in the way of fixing differential prices to different buyers within the national market, combines can to a far greater extent differentiate in the prices which they charge between one national market and another. The international combine carries furthest of all the denial of the free market and the substitution of a regulated system adjusting both supply and demand to the anticipated conditions of each particular section of the world market.

International combines, however, belong to two main types; and these two types of combine differ materially in their method of operation. The first type is that of a single centrally controlled business which is international in its sphere of operations, and sometimes but not always in the essential composition of its controlling body as well. But in practice combines of this kind tend to be far less international, in any cosmopolitan sense of the term, than imperialistic. They tend, like the great oil trusts, to radiate outwards from one of the great industrial countries, establishing subsidiaries and connections in other countries without losing the essentially nationalistic or imperialistic character of their controlling agency. Thus in cases of this type it is common to find one great international combine, closely associated with one great country, in keen competition with a second combine no less closely associated with another country, or perhaps with several others of the same type. Combines of this sort may come to agreements one with another limiting the forms of competi-

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tion in which they will engage, or even sharing particular markets; but they remain essentially competing bodies, aiming at expanding their sales one against another, and also commonly in sharp rivalry for the control of new sources of raw material supply.

The second type of international combine, best typified by the Continental Steel Cartel, is on the surface far more international than the great imperialist trusts. But combines of this second type, while their composition and control are international, are commonly made up of national units, each of which retains its independence within the wider body. They are, moreover, usually terminable cartels and not fully organized financial unities, and it is quite possible for them to fall asunder on account of a quarrel between the national groups of which they are made up. They are, indeed, less bodies for the establishment of industry upon a cosmopolitan basis than economic treaty-making bodies, which aim at the regulation and limitation of competition, on terms, between rival national groups.

It is important to realize that, in spite of all that has been said about the progressive internationalization of modern business methods, neither of these types of combine really makes for internationalism in any sense calculated to remove or diminish the effect of rivalries between national economic groups. It is not really true that capitalism is tending to become more international in any sense in which internationalism implies the diminution of the strength of nationalist forces. Indeed, the very opposite is the case; for the tendency is all towards the closer linking up of nationally or imperially organized producing and trading units with the governments of the states with which they are chiefly connected. Economic nationalism has often been written about in the post-war world as if it were a special vice of the newly created small post-war states; but in fact it goes far deeper than this, and is intimately connected with the imperialist phase upon which capitalist civilization has decisively entered during the past fifty years. The economic nationalism which exists in the smaller states is, indeed, the more disastrous in its effects upon wealth in that a small state is necessarily ill-equipped for developing within its borders a wide range of industries in such a way as to take advantage of the economies of large-scale production. Economic nationalism in a small state impoverishes the people of that state; but economic nationalism writ large as im-

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perialism in the policies of the great states, while it is directly destructive of the opportunities for wealth-making only in a less degree, may be far more disastrous if it is the cause of imperialist world wars.

In a world organized economically and politically as is the world of today, there is plainly no prospect at all of a reversion to the freedom of international commerce, in the sense in which it was advocated by Adam Smith and his successors of the classical school. Arm-chair economists may continue to dream of the superior advantages of a free trade world; but there is no more chance of their dreams coming true than there is that Europe will return to the localized economic system of the Middle Ages. The old free trade era has definitely gone, and can never be restored.

Nor can we reasonably wish for its restoration. For the old free trade case in international commerce rested on the assumption that domestic trade and production would be left to the higgling of the market between individual consumers and individual competing entrepreneurs. But in these days every country recognizes within its own national economy the need for a large measure of planned control. Even the most capitalistically-minded countries have moved with enormous rapidity in this direction during the past few years. Germany, the pioneer in this field, was the first to turn from the discouragement to the positive encouragement of national forms of combination; and other countries, more permeated by the free trade tradition, were only slower to realize that their national capitalist systems were speedily passing out of the phase of competition into one of growingly close national combination. Nowadays "trust-busting" is an obsolete sport, and even the United States, under its National Recovery Act, has suddenly reversed its entire policy, and turned from an insistence on domestic laissez-faire to a highly developed system of national industrial regulation.

At present, when countries turn from laissez-faire ideas to the attempt to regulate their national industrial systems, they commonly do this in the first instance largely by means of tariffs or analogous forms of control over imports. Tariffs are increasingly supplemented by quotas, prohibitions and systems of importation only under license; but the common feature among all these policies is that they are endeavoring to guide and regulate national production chiefly by imposing restrictive measures on international trade.

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Why does this happen far more readily than the direct regulation of the internal productive system? The answer is that it happens mainly because tariffs and to a less extent the various forms of non-tariff protection are known and familiar devices which can be used not only without creating an outcry from the property-owning classes, but with the support of large sections among them; whereas any attempt directly to control production is at once met with the cry of "bureaucracy," and often with the allegation that such plans are in their essence "socialistic" and therefore fatal to the rights of property. This is exceedingly unfortunate, for it means that where the recognized need for national planning impinges on international trade, it does so practically always in a restrictive fashion, and hardly ever so as to encourage desirable forms of international exchange. Yet clearly if there is to be national planning, there ought to be international planning as well, and international planning ought to take the form not mainly of restricting the movement of goods from one country to another, but rather of encouraging large-scale bargains for the exchange of goods wherever these are of such a nature as to be of benefit to both parties to the transaction.

For, although to some extent the scope of international trade may be lastingly lessened by the rise in all the more advanced countries of much the same range of industries, and although the later developments of industrial technique have been such as largely to offset the national suitabilities of particular areas for the carrying on of particular branches of production, there remains an enormous sphere within which national specialization is still desirable, and indeed absolutely necessary if full advantage is to be taken of the economies of large-scale specialization and standardization of output. Probably international trade will not, in the twentieth century, bulk so largely in the total economy of any country as it bulked during the past century in that of the most developed industrial states, or in those agricultural states which had concentrated on specialized production for the markets of the industrial countries. But even if this is true, the scope that remains open for organized exchange between planned national economic systems is very large, and it will be a disaster for the world if the problem of international trade is regarded in the name of economic nationalism mainly from a restrictive standpoint.

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It is, however, bound to be so regarded until countries deliberately and consciously take direct control of the volume and direction of national production. For as long as national production is left unregulated, or is regulated only indirectly by means of tariffs and similar devices, there is no possibility of economic collaboration between states in any form which is not principally restrictive in its effects. One country can of course agree to give tariff preference to another; or some form of customs union may be built up between neighboring states — though this is for the moment to a great extent obstructed by the most-favored-nation clause, which appears in so many commercial treaties. There can be "Ottawa" Agreements and, if the most-favored-nation clause is modified by agreement, "Ouchy" Conventions, among states. But under present conditions states cannot, save in very exceptional cases, come to agreements designed positively to encourage trade between them except by taking measures definitely designed to exclude trade with some other country. Restrictive collaboration is possible, and does occur: direct planning for an increased volume of international trade is practically excluded under present conditions.

The prerequisite of constructive international planning is, we have said, national planning. If a state is to place itself in a position to make bargains with other countries for the definite admission of certain quantities of their goods, it must do this with full knowledge of the amount of these goods which it aims at producing within its own frontiers. It must therefore have a national plan of production under which the available resources of materials, machinery and man-power are definitely assigned to different branches of production, as they are under the planning system of the Soviet Union. Armed with such a plan, a country knows what it needs to import and is in a position to make constructive bargains with other countries for procuring these necessary imports in exchange for those commodities of which it is able to produce a surplus for export. It can modify its own production plan so as to fit in with bargains into which it enters with other countries, deciding to limit its activities in this industry so as to expand its production in some other sphere, or perhaps to give up producing certain types of goods altogether in order to buy them from a country better able, with the aid of its market, to make use of the full economies of large-scale production. Such a country can make a plan for the full utilization of its

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own productive resources in such a way as to fit in this plan with the largest volume of international exchange which national differences of productive efficiency make desirable, and which other countries can be induced to agree to. At present Russia is the only country which is in a position to make, with full knowledge, bargains of this sort; and Russia cannot in fact make them because there is no other country similarly equipped with which they can be made. But if the world is to advance at all effectively in the direction of a planned economy, it is only on this condition that the advance can be made. States, or national economic organizations acting with the full authority of the state, must be in a position to make collective bargains one with another in the light of a full knowledge of the use which is to be made of the national productive resources in accordance with an organized and approved national plan.

Any fully developed system of international planning thus demands not only national planning as its first prerequisite, but also unified control over its foreign trade. Where these two conditions are satisfied, tariffs and similar forms of protection, unless they are preserved merely for revenue purposes, become obviously irrelevant. For the tariff, like the other forms of protection now in vogue, is essentially an instrument for influencing forms of international trade which are not under the direct regulation and authority of the state. There can be no need on protectionist grounds for a state, or a national economic authority acting with the state's support, to have tariffs on the goods which are brought in under its own authority. For the extraordinarily uncertain and two-edged weapon of the tariff can be replaced by the absolutely certain instrument of the direct control of buying as a method of regulating the quantity of goods imported from abroad. Moreover, the controlling authority will be in a position not merely to limit or increase from day to day the quantities of foreign goods of any particular type that are allowed to cross the frontier, but also to make, well ahead, bulk contracts for the delivery of imports which are certain to be required on account of the nature of the allocation of domestic productive resources under the national plan.

Of course if national planning does come to be the basis of the economic activities of a number of advanced states, it is not likely to arise in them all at once unless it comes as the consequence of a convulsion similar to that which tore up the roots of the old

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Russia in 1917. Whether national planning comes elsewhere as a consequence of a constitutional socialist victory or as an instrument devised for the restoration of prosperity in a country still under capitalist control, it is likely to be introduced by stages, and to be applied in the sphere of foreign trade not simultaneously to all industries, but gradually, starting with those industries which are most important in international exchange and most easily susceptible to methods of bulk control. Broadly, from a standpoint of international planning, the goods which pass in international exchange can be classified in three groups. The first group consists of those foodstuffs, raw materials and standardized semi-manufactures which are readily capable of quantitative and qualitative measurement, and therefore lend themselves fairly easily to processes of collective bargaining leading up to bulk contracts for sale. At the other extreme stand those finished commodities which are produced in relatively small quantities, or even individually, for the satisfaction of particular and limited demands. This second class of goods includes not only the more diversified types of consumption products, but also a high proportion of capital goods, and it is therefore of great importance in the exchange economy of the more highly developed countries. Between these two extreme types of product stands a third group, consisting of those manufactured commodities which, while they are produced under large-scale conditions, are widely diversified in quality and fashion, and therefore less easily regulated than the commodities belonging to the first type. Wheat and coal may be taken as outstanding examples in Group 1; ships and machinery and many luxury products as typical examples of Group 2, and most textile goods, boots and shoes and other consumers' bulk lines as typical of Group 3.

When international regulation is taken in hand, each country will be disposed, where it can, to begin by planning the production and exchange of the commodities which fall within Group 1; for this will be by far the least difficult part of the problem. Where countries can arrange for the bulk exchange between them of commodities falling within this group, it will be easiest to arrive at a system of internationally planned exchange. It will not, however, be possible to advance very far by this method alone, as to a great extent world trade consists not of the exchange of Group 1 products for Group 1 products, but rather of the exchange of Group 1 products for products falling within Groups 2 and 3.

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If, therefore, the exchange of goods between planned economies is to be advanced far, there will have to be arrangements for the organized buying and selling of products falling within the latter groups as well. The tendency will doubtless be in this case to concentrate first of all on Group 3 products rather than on Group 2, because the products in Group 3 are also to a large extent standardized and can therefore be made the subject matter of bulk systems of exchange. But there will arise also a special question relating to one important element falling within Group 2. For some countries which are in a position to export chiefly Group 1 products will desire to receive in exchange to a great extent capital goods. This, for example, is bound to be the position if the United States and the Soviet Union enter, after recognition, into any large-scale agreement for mutual trading.

The problem of organized international exchange, taken as a whole, has two main aspects, that of arranging for the exchange of goods, and that of arranging for the necessary payments across international frontiers. To the extent to which bulk contracts can be arranged on a bilateral basis, at prices agreed in advance, the need for monetary payment across national frontiers can be made to disappear by a system of crediting the value of the goods exchanged to the account of the seller in the currency of the buyer, and then using the money to pay for the goods exported under the corresponding bulk contract involving a reverse movement of goods. But where the exchange is not of bulk products under Group 1, or perhaps Group 3, but involves Group 2 products to any considerable extent, the financial part of the exchange will assume far greater importance, though it will have to be dealt with along the same lines. In this case the country selling bulk products in exchange for a more diversified range of Group 2 products will be able to know in advance how much of the currency of the purchasing country its exports will command; for it will be possible in the case of the bulk exports to fix the price in advance. But it will not be possible to have similar fore-knowledge of the exact quantity of Group 2 goods that this supply of currency can be used to acquire. Accordingly there will have to be a system of running credits for each country in the banks of the other, worked in such a way as to stabilize as far as possible the exchange rates between the two currencies, though not necessarily to fix them against the operation of major forces. This implies close collaboration between the banking systems of the

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countries as well as between their national trading organizations.

This whole problem is of course highly technical, and cannot be fully worked out until the nature of the proposed exchanges of goods has already been determined, at any rate approximately. It is, moreover, bound up with the question whether the exchange of products between the two countries is to be an exchange that balances in terms of commodity trade, or is to include a large or smaller export of capital from the one country to the other. Obviously the entire question of international lending for industrial purposes is closely bound up with the organization and planning of international trade, and countries entering into mutual trading agreements on a collective basis will have to include in these agreements any arrangements which they desire to make for the movement of capital from the one country to the other, since the failure to take account of this factor would speedily upset the financial aspects of their trading relationship. This means that international planning equally with national planning involves the control of capital investment. A country cannot have a national economic plan unless it is in a position to guide the investment of capital into those industries in which the plan requires the provision of additional capital resources, and to prevent the dissipation of investments in services not scheduled for development under the plan. Similarly, if a system of organized international exchange is to be worked out, the planning of the export and import of capital obviously forms an essential element which will have to be controlled in its proper relationship to the organized movement of commodities.

What are the chief obstacles at present in the way of the development of an organized system of international planning such as I have endeavored to foreshadow? First and most obviously, the absence in all countries except Russia of any real approach to a planned national economy; for, as we have seen, in the absence of this the relationships between countries in the economic sphere are bound to be mainly restrictive, and to aim rather at preventing than at developing international trade. What, then, are the obstacles to the development of national planning? First and most obviously, the individualism of business entrepreneurs, and their continued belief in the merits of a system which gives each possessor of productive assets the maximum opportunity for the display of his individual "enterprise."

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This individualist tradition is powerful in the minds of the business entrepreneurs in most of the more developed countries, and especially in the older industries of Great Britain, among the relatively small-scale industrialists of France, and almost everywhere in the United States. It is far less powerful in Germany, or indeed in any of those countries which have developed industrialization at a fairly late stage, and have thus entered upon large-scale production under conditions already dominated to a large extent by the growth of trusts and combines. But powerful as this individualist tradition is in the older industrial countries, it is being rapidly broken down by sheer force of economic circumstances; and it is safe to predict that, whether the world economic system is reconstructed mainly under socialist or under capitalist auspices, some considerable advance away from individualism and towards a planned economy is certain to be made. What is doubtful is whether a planned economy introduced under capitalist conditions can possibly so establish itself in face of the powerful vested interests with which it will have to deal as to exercise the degree of control over the use of national resources necessary to afford a sure foundation for a system of internally planned production and trade.

The danger is that, if a planned economy is introduced under capitalism, it will become the prey of powerful vested interests, which will thwart the intention of promoting a distribution of the national man power in the interests of the maximum welfare, and, instead of aiming at the conclusion with other national groups of agreements designed to encourage international exchange, will resume the imperialist policies characteristic of the later stages of capitalist development, and press these policies with the added strength derived from the closer relationship between the state and the economic order which national planning necessarily involves. If this happens, national planning, so far from serving as a force for the liberation of international exchange and the increase of world production, may easily turn into an instrument for the drastic restriction of both. For it may aim at maintaining in the home market a policy of high prices by the restriction both of domestic output and of permitted imports, and at the same time seek to expand its sales in the world market in order to offset the limitation of domestic demand which such a policy of high prices inevitably connotes. Under such conditions national planning will lead not to the régime of plenty which is now well within

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the world's grasp in view of its greatly expanded productive power, but to a perpetuation of scarcity, and to the shutting up of each developed country more and more behind a wall of economic nationalism, save to the extent to which the stronger countries are able by the methods of economic imperialism to force their way into the markets of the weaker and reduce the smaller countries to the position of satellites.

There was ample evidence at the World Economic Conference that many of the world's statesmen and leading business men, when their thoughts turned in the direction of planned national and international trade, considered this far more as a means of restricting output and so raising prices by the creation of artificial scarcity than as an instrument to be used for increasing the world's total wealth and prosperity. Fortunately, in most cases these plans for the perpetuation of scarcity came to nothing in face of national jealousies and rivalries too powerful to be overcome — for it is possible to applaud the result even while one deplores the reason. The World Economic Conference was in fact a powerful object lesson in the existing force of national and imperial economic hostilities, and in the immense accession of strength which the *sauve qui peut* of the present crisis has given to the forces of economic nationalism. National planning in itself affords no way of escape from this régime of national isolation. It is an instrument which, like most instruments, can be used for good or ill according to the character and motives of the forces which control its operation. But national planning on a good or on a bad basis is bound to come; and it is for those who believe in international solidarity, and in the international division of labor as means of increasing the world's wealth, to use all their efforts to ensure that, when it does come, it shall come under the right auspices. This involves that it shall be controlled by those who mean to use it, not for the purpose of bottling up each nation within its own frontiers in a mistaken belief that it is somehow possible to sell more than one buys, and to take advantage of the economies of large-scale production within a nationally restricted market, but instead, for the liberation of the vast productive energy which is now lying unused all over the world by creating a system of organized international exchange on a basis of mutual advantage and superseding tariffs and other restrictive devices by large-scale arrangements for the collective interchange of complementary products.

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GOLD AND THE END OF THE DEPRESSION

By Charles Rist

A SHORT time ago the English newspapers carried a rather amusing anecdote that was not without its symbolic side. Dedicating a public building in Birmingham, Mr. Neville Chamberlain, the Chancellor of the Exchequer, was handed a gold key to open the door. At his first effort the key refused to turn in the lock, nor were the second and third essays more successful. Inspection proved that a very slight obstacle was interfering with the functioning of the key — a bit of dried paint. Once it was removed, the Chancellor was more successful. The door opened wide before him.

The key to the difficulties from which the world is at present suffering is also, in my judgment, a key of gold. If all efforts to turn it in its lock seem so far to have failed, the failure has not been because the impediments are of any real magnitude, but rather because a certain number of preconceptions, born of post-war problems, are clogging the works with a slight, a very slight, layer of gum. A little coöperation, and the trouble would be removed; and then the door to a world economy less chaotic than anything we have known during these past years would swing wide open.

Is it not a strange thing that the very countries that were the most eager to preach a return to the gold standard immediately after the war should be the ones that are most discouraged about the gold standard today, while the countries that required the longest time to return to it are the ones that seem most convinced at present of the need of maintaining it? Voices are heard in England and the United States condemning the international gold standard as something outworn. Now those were the very countries that in the decade between 1920 and 1930 made the greatest effort at coöperation to reëstablish the gold standard on a world-wide basis. On the other hand, Germany, Italy, France and Belgium, which experienced all the embarrassments of inflation, and Switzerland and Holland, which underwent a first and very violent deflation in prices in 1922 and 1923, are more strongly attached than ever to the gold standard, crediting it with re-establishing their economic and social stability and maintaining it in spite of the many hard trials of these past ten years.

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What happened to bring about such a change in attitude, or at least in apparent attitude, in the two groups of countries, all of which are bound together by the closest commercial and financial ties? Nothing but the great economic crisis that broke in 1929. That "crash" caused the fall of the English pound and halted industries and increased unemployment in the United States, thus inclining the two countries which hitherto had been most devotedly attached to the gold standard to question the soundness of that system and take kindly to the notion of a paper currency not convertible into gold, and "managed" in such a way as to put an end to business depression, raise prices, lighten the crushing burden of debt and thenceforth guarantee a more regular, a more satisfactory, course of business.

There must therefore be a fundamental difference between the countries that have lost, and the countries that have kept, their faith in the gold standard. That difference lies, in my judgment, less in any conflict of interests than in a different interpretation of the events of these past ten years.

The one group ascribes the violent drop in prices since 1929 to an unprecedented rise in the value of gold. Gold is the thing that can no longer be trusted. Gold is asserted to have shown its incapacity to serve as a standard. The other group views the rise in the value of gold as merely apparent, and the violence of the crisis as the consequence of serious — perhaps unavoidable — errors in financial policies which long prevented any return to normal price levels. Gold, in this view, has not been at fault. The trouble comes from the previous mistake of trying to tie to gold a scale of world prices that had been artificially raised too far by inflation. What we have been witnessing is the failure of that effort, not any failure on the part of gold.

If this second interpretation is the correct one, and I believe it is, there is nothing to prevent a reëstablishment of the gold standard, with all the well-known advantages which the use of that standard has meant for the world.

The reëstablishment of gold is all the more desirable in that the crisis really is now behind us. For more than a year, now, signs of improvement have been visible in all parts of the world. A certain general stability in prices is again in evidence. One of the many curious paradoxes of the Economic Conference was the fact that it had been called to find a remedy for the crisis but met when the depression had long since passed the peak and was giv-

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ing way to something like convalescence. The problems it had expected to consider already had to be stated in new terms, and every day that has passed since that time has only emphasized the change.

II

But suppose we go into the two interpretations more fully.

If one reflects how slowly world prices in gold vary as a rule, the probability of any 50 percent jump in those prices between 1915 and 1925 (the date of the return of sterling to par) seems very scant indeed. The widest variation in prices in gold over any ten year period during the century before the war was lower than 40 percent. The rise in prices following the discovery of gold in California was 30 percent. The drop following the extension of the gold standard to all Europe (1873) was 26 percent. Between 1895 and 1913 the world stock of gold was doubled, but the price level did not rise beyond 38 percent.

A rise of 50 percent, such as took place between 1915 and 1925, could only be explained by an enormous increase in gold production the world over, whereas actually production fell off during the war and did not become normal again till 1922 and after. The unheard-of leap in commodity prices in gold in the United States, therefore, suggests out of hand that that was not, strictly speaking, a rise of gold prices in the ordinary sense of the term, but of dollar prices, the high scale being determined by the twin circumstance that paper issues had doubled American currency circulation and that, as a result of the war, the production of commodities and all sorts of transportation had fallen off tremendously the world over.

The mistake of regarding the prices of 1925 as prices in gold was facilitated by a coincidence of circumstances that has no precedent in history — chief among them the refusal of European banks of issue to buy gold at the market price. That had the result that down to 1925 the whole of mine production was concentrated in the United States, so that the gold convertibility of the dollar was uniformly maintained in spite of the increase in currency circulation and in bank deposits. That convertibility, in its turn, created the illusion that American prices in gold were world prices in gold, and the illusion was reënforced by the fact that in 1921 American prices had undergone a first and very appreciable reduction and there was reason to hope that that re-

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adjustment crisis would be the last. This illusion was fatal to world monetary reconstruction thereafter, because it encouraged countries which wanted to return to the gold standard to tie their own price levels to an artificially high level which could be maintained only if the exceptional circumstances which underlay it continued.

What, in fact, was the situation in the belligerent countries in Europe after the war? They had all replaced their gold currencies with paper. They continued counting in pounds, francs, lire, marks; but those paper currencies, everywhere multiplied by coefficients varying from four or five in the more favored countries to several billions in Germany and Austria, had naturally lost in the same proportions the purchasing powers they had had before the war. Hence a tremendous increase in prices in the different countries. If, consequently, the idea was to restore those currencies to their pre-war gold definitions *without any drop in the price level meantime*, that was equivalent to saying that the gold pound, the gold franc, would henceforward have a purchasing power four, five or even more times less than it had before the war. Now nothing in the quantity of gold production justified any such reduction in the purchasing power of gold.

Some way therefore had to be found to effect artificially a result that would have required twenty years of intensified gold production to bring about normally. Since the resumption of world production after the war would *in any event* put an end to an abnormal under-supply of four years' standing in all commodities, and so occasion a rapid and general fall in prices, the idea of maintaining price levels the world over on the war-time scale and transforming them into a gold price level, the while maintaining old currency parities, looks today like a fantastic dream.

As regards the manner of dealing with this problem a very sharp distinction is noticeable in the monetary policies of the great European countries. Some of them, such as Germany, France, or Italy, have never thought of reducing the purchasing power of gold. For some time they hoped to raise the purchasing power of their paper currencies (a notion hardly less fantastic). But after a number of fruitless efforts they settled down to the realization that the purchasing power of the paper franc or the paper lira was a fourth or a fifth of what it had been before the war. So when they transformed their paper currencies into gold currencies they redefined the metallic content of the latter, not however without

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many false moves, many mistakes. In other words, hopeless of reducing the purchasing power of gold, but resolved all the same to reduce their nominal price levels as little as possible, they fixed the gold-level of their prices and consequently of their revenues on the basis of what at the moment seemed most compatible with their budgetary and business requirements.

Conversely, other countries, most important among them England, thought it possible to give to each unit in their revenues as artificially "boosted" during the war, the same value in gold it had before the war. That meant, as far as maintaining the gold convertibility of their revenues went, either that England could miraculously create at home and in her colonies the same extraordinary set of circumstances prevailing in the United States, or — that evidently being impossible — that the actual world demand for gold could be reduced far below the pre-war level by using new methods and practicing a far more extensive economy in the use of gold than anything formerly known.

Whence came the many suggestions that we have been hearing during these past ten years, all of them designed to reduce the amounts of gold figuring in international settlements — such as the "gold exchange standard" policy, the "open market" policy, and so on. Hence came, also, all the suggestions that have tended to maintain as high a world price level as possible by a concerted policy of credit expansion. An English economist, R. G. Hawtrey,[1] has defined that policy very accurately as follows: "If the central banks coöperate together, they can control these monetary demands, and the value of gold will conform to the value of the currency units, instead of the value of the currency units conforming to the value of gold."

Unfortunately, the facts have supplied a devastating disappointment for any such hopes.

III

In alluding to these events I need hardly say that I have no intention of blaming anybody. No government, no bank of issue, but has made its bad mistakes, which are explainable and excusable in view of the extraordinary circumstances in which it found itself after 1918. Superhuman farsightedness would have been required to foresee all the remote consequences of a situation that had no precedent. Much less is required today to be wise after

[1] "The Gold Standard," p. 94.

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the fact. The amusement of distributing responsibilities is quite beside the point now. The one important thing is to avoid new errors in the future, and to do that we must first understand how we got to the point where we are today.

I think I have shown that the fault does not lie with the gold standard itself. The mistake was to tie the artificially inflated war prices to the gold prices of before the war. The moment production and exchange began to expand again, the moment competition which had been in abeyance during the war began to function again, a drop was inevitable. It was all the more breathtaking the higher the new prices had been pegged. A first warning of trouble ahead came in the American crisis of 1920, which caused a drop of 63 percent in prices. Protected by her inflation, Europe received only an attenuated counter-shock from that episode. But beginning with 1925, immediately after the return of Great Britain to pre-war parity along with a number of other countries, gold prices began to drop all over the world. It was the same thing that had happened in 1873 when the large European countries (and the United States) followed Germany's lead in adopting the gold standard and abandoning silver coinage.

Finally, in 1931, when a rather severe crisis in credit developed, there came a withdrawal of bank deposits; this was the more serious in proportion as the nominal values of such deposits had been left high. The inadequacy of the gold covering to cope with the situation became emphatically apparent, and a panic resulted. Following on the fall of the Austrian Kredit-Anstalt came suspensions in large numbers of foreign and domestic payments, with a new crop of failures, further shrinkages in international trade, and new price drops that forced many countries to a monetary devaluation which they had balked at up to that time.

However unprofitable, it would be none the less interesting to wonder what would have happened if the United States had decided to devaluate its currency as early as 1922, or if the banks of issue in Europe had resolved to buy gold at market prices at that same time, forsaking the fantastic idea of going back to old monetary parities and beginning then and there to build up their gold reserves instead of allowing them to trickle away to no purpose to the United States. No one thought of proposing such a thing at that time, and anyone who had would have passed as a lunatic. No such mad genius was given to the world. Yet certain it is that the inevitable drop in prices which had to follow

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the world's return to normal production would not then have been such a violent shock. Further, the banks of issue would more easily have maintained the convertibility of their bank notes, and there would have been no questioning of the gold standard. As regards price levels, we would probably be where we are today, but the disasters we have experienced in getting there would have been avoided.

Let us have done, therefore, with incriminating the gold standard, and ask instead, since the necessary readjustment in prices now seems to be about over, whether the hesitation of many countries to return to the gold standard may not be prolonging the depression and intensifying it.

Gold prices throughout the world have dropped below the level of 1913. The figures are so well known that I will not stop to give them. They may be found in detail in the last report of the League of Nations on the world economic situation. On the other hand, the world stock of gold is much larger than in 1913 — 12½ billion dollars against 8¾ billions in 1913. Production in the mines has steadily increased since the end of the war. Gold production between 1920 and 1929 was larger even than it had been in the 1900–1909 decade, which was a period of rapid rise in prices.[2] It reached a record total in 1932. The grand increase in gold production since 1919 had been 33 percent, since 1913, 42 percent. That is not as large as the increase of 88 percent in production between 1900 and 1913, but we must not forget the enormous savings in the coinage of gold that have been effected by concentrating gold in the banks of issue.

Along with this increase in the production and utilization of gold, world production of commodities and world exchange has dropped far below the level of 1913.[3] Instead of giving gross figures which would mean very little, suppose I state the situation as regards gold holdings and commercial exchanges in the so-called "Gold Bloc" countries at the beginning of this year.

In 1913 the total gold stocks of France, Italy, Switzerland, Belgium and Holland amounted to 11,221,000,000 Swiss francs, 5,636,000,000 being held in banks of issue. At the end of 1932 the whole stock was concentrated in banks of issue and amounted to

[2] See Joseph Kitchin, "Gold," in the Encyclopedia of the Social Sciences, and the report of the Committee on Gold of the League of Nations.

[3] "Independent estimates agree that, in 1932, the level of industrial production in the world as a whole fell below that of 1913," (League of Nations: "World Economic Survey, 1932–33," p. 82).

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24,243,000,000 Swiss francs — that is, it had more than doubled. On the other hand, the total foreign commerce of those countries (imports and exports combined) which had reached the value of 46,000,000,000 Swiss francs in 1913 had dropped to 27,400,000,000 in 1932 — nearly half — and the commercial deficit had dropped from 5,705,000,000 to 4,546,000,000.

In the face of such figures one surely cannot pretend that an insufficient gold supply is impeding the resumption of business. On the contrary, in view of the present stagnation in production the world gold price level is much lower than it should normally be.

How does it come about, then, that the relative stability in prices that has been noted everywhere since early in 1933, and the resumption in production and exchange which seemed to be materializing just a few months ago, now seem to be less marked and a new period of stagnation seems to be setting in? Why is it that instead of diminishing, gold hoarding is every day increasing?

There can be no doubt as to the answer. The prevailing uncertainty as to the future destinies of the more important world currencies and the rates at which they are to be fixed in the immediate future accounts for the hesitation on the part of manufacturers and businessmen. Everybody feels that as long as rates have not been fixed serious displacements in prices can again come in to upset all calculations, and that the great ebbs and flows of capital which have been disturbing the money markets during the past ten years are still possible, with all the catastrophes that follow. The conclusion is that the wise policy is to wait and see, and meantime to find refuge for menaced fortunes in the one metal that so far has never betrayed its holders — gold.

For — as the events of the past ten years have forced every impartial observer to realize — far from losing in importance in the public mind, the gold convertibility of paper, in other words, gold itself, has come to be more and more regarded as the one safe medium for conserving wealth. A wider and wider gap is opening every day between this deep-rooted conviction on the part of the public and the disquisitions of those theoretical economists who are representing gold as an outworn standard. While the theorizers are trying to persuade the public and the various governments that a minimum quantity of gold — just enough to take care of settlements of international balances — would suffice to maintain monetary confidence, and that anyhow paper currency, even fiat currency, would amply meet all needs, the public in all countries

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is busily hoarding all the national currencies which are supposed to be convertible into gold.

So long as the crisis remained strictly economic, in other words down toward the end of 1930, no special amount of hoarding was apparent. In fact down to May 1931 deposits in all the banks of issue steadily increased. But since the financial crisis broke with the fall of the Kredit-Anstalt, since the public began to grow alarmed regarding the solvency of banks, the panic has very visibly been extending to money, hoarding has rapidly increased and has been still further stimulated by the checks on capital flights instituted by many countries. Characteristically, this hoarding has in largest part come not from the less enlightened classes but from corporations, business houses and institutions that are concerned to keep the capital for which they are responsible unimpaired as against any further drop in values and a graver and graver menace of depreciation in currencies so far regarded as the safest.

Need one list all the symptoms which indicate the public's more and more determined resolve to trust only to gold? For some months past the normal prices of gold as measured by rates of exchange between pound and franc on the London market have risen by a premium that reflects nothing else than the intensity of the demand for gold with hoarding in view. The London *Economist* recently noted that the gold thus being purchased is piling up in the safe deposit boxes of the English banks. The amount was estimated some weeks ago at more than 70 millions sterling. In countries where gold convertibility of paper is still being maintained, old gold coins have been fetching a premium for two or three years past. Since even in such countries coinage of gold pieces has been ended by law, and nothing but ingots can be obtained at banks of issue at very high figures, the public is greedily hunting for old mintages of all kinds — sovereigns, eagles, louis, napoleons, and will buy them at premiums to stow them away. The fact of such premiums is known to everybody and naturally increases distrust of paper, so much so that it might be better for those countries to resume coinage of gold pieces. That would restore public confidence and people would hoard relatively unimportant sums. But the most impressive evidence of the increased trust in gold is the ebb and flow of short term investments between one country and another according as investors believe in the convertibility of a currency or fear its suspension. In the

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course of the last ten years, concern to avoid monetary depreciation in operating funds of business enterprises and in invested capital has been at the bottom of nearly all the great movements of funds between one country and another.[4] These goings and comings of money are no longer determined by differences in interest rates between one market and another. Much more often it is a question of fear lest a given currency is going to be shaken or of hope that one is going to be stabilized. Hence now and again the huge accumulations of gold reserves in central banks that did not need them, and then again withdrawals of deposits from banks that were sorely in need of them.

Quite recently, during the very course of the London Conference, the mere declaration by the "Gold Bloc" countries that they intended to maintain convertibility, taken with the prevailing uncertainty as to the monetary intentions of the British Government, was enough to cause a flight from London to gold-standard countries of huge sums that had taken refuge in England at a time when there were prospects of a rise in the pound. Fluctuations in exchange during these past years have reflected strictly monetary worries of that sort more often than considerations of interest returns on money. The moment stable currency and gold convertibility are restored the great shifts which now keep throwing the money market off balance will cease as if by magic, and banks of issue will again resume control of money movements by interest rates, the movements being no longer determined by fears but solely by the quest for the best returns.

People have of late been wondering whether the dropping of the gold standard by countries still on it would not end such movements, and whether a world-wide suspension of convertibility would not be the best way to entice gold from its hiding places and so again bring it down in value. In my opinion, such suggestions manifest a very bad sense of psychology. The public cannot be cured of its taste for a thing by putting the thing beyond its reach — the hankering, rather, would be intensified. The day when no gold is obtainable at any bank of issue will mark a mad rush of the public to the mines to buy new gold at whatever price, and gold would reach unheard-of altitudes. The banks of issue would be left standing passive witnesses to the rise in value of their gold deposits. They would then have no other recourse than

[4] I say "almost," because an exception has to be made for the enormous displacements of capital that took place in 1929 in view of the rates on call money prevailing in New York.

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to turn them loose upon the market, and the result would be an ingot circulation that would soon force the governments to resume coinage of gold pieces. That would bring us back very soon to a general gold circulation, to the very result, in other words, that many currency theorizers are contemplating with alarm.

It is a curious thing that most of the measures the governments have taken to protect their currencies have only accentuated the run on gold which now has been in progress for some years. Every time a country abandons the gold standard to go back to paper, it is exactly as though it were diminishing its gold reserve by the amount of gold sales on the market. The effect of that policy, therefore, is to deplete the gold stock still further, though its present depletion is represented by the partisans of that policy as responsible for the present lowness of prices. The only stocks that can be drawn on at present are the stocks of the "Gold Bloc" countries and new metal at the mines. Is it surprising, in these circumstances, that gold is continually rising in value and that private individuals are thinking of it as the one investment certain to improve? If it be noted that this artificial rarefaction of world gold has kept step with the devaluations of British and American currencies (the practical effect of which has been to lower gold prices on English and American goods, leaving their prices in sterling or dollars either stable or but slightly raised), it will be evident that the drop in gold prices is a hard thing to stop. It is striking that the very countries which have been most emphatic in declaring that their objective is to raise prices generally, have contributed indirectly to the lowering of gold prices by the measures they have taken. Really the only prices that can be raised at will are paper prices. At the London Conference, Mr. Schuller, the Austrian delegate, pointed out, not without a tinge of irony, that Austria had succeeded in raising prices on all commodities in a very short time from 1 to 24,000 crowns! Meantime, one of the good results of the present situation has been to encourage owners of gold mines to produce more metal in proportion as its value (whether expressed in paper or merchandise) goes higher. In that way they are preparing — against a day when gold has again become the international monetary standard — an abundance of yellow metal which will surely contribute to the much desired rise in gold prices. Unluckily, that is for a relatively distant future, especially if the new metal from the mines is impounded the moment it is taken out of the ground.

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Meantime, the new activity that is manifest in all the mines shows that their owners share with us the conviction that gold is far from having played its whole part in the world.

IV

Certainly the gold standard is far from being perfect. I am not closing my eyes to any of its shortcomings. The problem is not a new one. For hundreds of years peoples have been seeking ways to get some more stable standard. It is a sort of humiliation to people of a logical turn of mind to realize that the great world movements upwards and downwards in prices are to an extent dependent on the chance discovery of this or that deposit of gold-bearing ore. We understand the feeling, though a great deal might be said on the point.

As early as the year 1700 John Law addressed a famous memorandum to the Scottish Parliament declaring that silver money was out of date. The complaint at that time was not of any rise in the value of the monetary standard but of its cheapening. Law proposed to substitute a paper currency based on land values. That did not prevent the silver standard from holding in Europe for a century and a half longer, and when it was dropped it was not because of the rarity of the metal but because of its great abundance. Overabundance, we may note incidentally, and not rarity of the chosen metal is what ruins a monetary standard; which is another reason for not foreseeing the abandonment of gold in any near future. The important thing is not that gold should be a perfect standard. It only needs to be the best one available at the moment. What, in fact, are we offered as a substitute for it? The theoretical economists propose a "managed" currency, which in their opinion would have the advantage of keeping the price level stable, by enabling one to contract credit as circumstances required, and so of avoiding crises.

Unfortunately the partisans of that system have never so far given answers concerning a number of difficulties that experience immediately suggests to the mind. The main one is that the general price level does not depend altogether on the quantity of currency and what is called "rapidity of circulation;" it depends also on the amount of goods and services that are offered on the market. To try to change prices by working upon one only of those three variables is tantamount to acknowledging defeat in advance. So long as there is no regulation of the production of

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goods both as regards relative proportions between commodities and as regards total quantities to be manufactured, and so long as there is no direct means of influencing rapidity of circulation, it is futile to try to influence general gold price levels by mere increases of monetary agencies made available, let us say, through banks of issue.

History offers plenty of examples of periods during which increases in currency, no matter how large, have proved entirely unable to influence general price levels. The most instructive period in that regard is the half decade between 1890 and 1895 when the Transvaal mines were first opened. The gold from the new mines was continually piling up in the safes of the banks of issue, but at the same time prices continued to fall, without that enormous increase in money and the drop in interest rates having any influence on the general depression. More recently the efforts made by several banks of issue to revive economic activity by easing credits seem not to have had any better success.

The impotence of increases in currency as influences over prices is made apparent whenever a violent crisis is rampant in the world. A sort of wrestling match takes place between two influences. For a long time, the force of the depression seems to be the stronger and prevents the newly created money from having its effects, until the moment when the crisis comes to an end following a process which economic science, it must be confessed, has so far not succeeded in explaining altogether satisfactorily.

The other objection is that any system of managed currency has necessarily to be strictly national. One of two things has to happen: either the system is tied up with gold, in which case it is powerless, as we have just seen, to struggle all by itself against the great world movements in prices; or else it stands frankly apart from gold, and then the country that adopts it loses all the advantages that an international currency has hitherto brought. That a country can get along for a considerable period in such a situation no one will deny — it is leaning indirectly, in such circumstances, on gold standard countries. But for the leading countries in the world deliberately to desert the only known instrument for bringing their economic systems together, an instrument that has been functioning successfully for hundreds of years and the extension of which has formed the groundwork for the amazing prosperity of the nineteenth century, would spell an immediate return to an incredible chaos.

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The essential advantage of the gold standard is its automatic functioning in regulating the reciprocal relations of the great countries of the world, an advantage that no system of managed currency, however ingeniously engineered, has so far been able to replace. The absence of that automatic functioning since the crisis of 1931 has thrown all the countries into economic nationalism. "The worst of nationalisms," an American economist said recently, "is monetary nationalism." And by that he meant that it contained all other nationalisms in germ.

In the absence of a common international standard, which today can be only the gold standard, the monetary markets, as well as the commodity markets, are thrown completely out of gear. At this late day the world cannot get along without an international exchange of capital nor without an international exchange of goods, on pain of relapsing into standards of living which it has definitely overpassed.

As regards movements of capital on long or short terms, no one has ever explained how they could continue to take place in the absence of a common international currency. The moment any country could feel free to change the purchasing power of its currency and consequently its rates of exchange with the currencies of other countries, all transactions in capital would come to an end. France suffered just that financial isolation during her inflation period. Uncertainty as to the future and the impossibility of foreseeing governmental decisions that shifted according to most varied circumstances created a barrier that credit could not cross.

In the world in which we now live national economies stand in close mutual dependence, not as a result of incidental circumstances but owing to deep-seated and abiding conditions. Now in actual practice they can take cognizance of that interdependence only through the medium of a common standard, which is gold. Shipments of gold, along with the precedent variations in rates of exchange, are the only things that reveal changes in the reciprocal debt and credit balances of the various countries. There is no other way of knowing what they are and of rectifying them. If that trusty and swift-working thermometer were not there, a country could indulge in the wildest orgies of domestic credit, leading up to the worst disasters, in blissful ignorance.

Let no one imagine that any concerted action on the part of banks of issue could provide a substitute for the warning given automatically by a rise in exchange rates or an exodus of gold.

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Such a notion could only come to a person who had never had to deal with the difficulties of international coöperation. The physician's thermometer is a surer guide for him than all the information imparted by word of mouth by the patient or the patient's relatives. I could mention numerous instances where banks of issue have not been able to come to an agreement on their mutual discount rates because at that moment the monetary market of the one thought that it was to its interest to expand credit while the monetary market of the other thought it better to restrict credit. The movements of gold, on the other hand, are inexorable. When they take place, banks of issue can only follow their lead, and regulate their discount rates in such a way that credit on the respective markets is forced automatically to fall in line.

In a world system of autonomous currencies, not only the distribution of capital but the production of goods would be left without a compass.

The fact of preserving a common gold standard has been the only thing which permitted those comparisons of prices in accordance with which a division of labor is made between the different countries. This has hitherto been regarded as the basic element in all progress. To have a multiplicity of national currencies which were constantly changing their reciprocal rates of exchange would make such comparisons impossible and introduce a speculative element into each transaction which would of itself be enough to paralyze our very best men of business. Even as it is, protectionism in many cases distorts the normal flow of production. One has only to think of what has happened in the countries that succeeded the old Austria-Hungary. But if protection is to be supplemented with the possibility of creating or destroying this or that industry by monetary manipulations, the natural relations between the expansion of industry in one country and the expansion of industry in another will be altogether replaced by arbitrary relations, to the great damage of general prosperity. Those who have been in a position to observe the extent to which monetary uncertainties in Europe during the past two years have served as pretexts for the worst practices of unfair competition, and helped to turn normal commercial currents from their proper channels, will surely not gainsay me on this point.

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No one, as a matter of fact, disputes these advantages of gold

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as an international monetary standard. Nor has any one so far suggested that a managed currency could compare with the yellow metal in those regards. Such systems are never thought of as applying to anything more than this or that specific country. At the present time the bitterest critics of the gold standard do not go so far as to advise banks of issue to get rid of their gold reserves, nor the countries that have stuck to the gold standard to abandon it. Quite the contrary, each country seems to be trying to strengthen its stock of metal. Why is that, unless in view of an eventual return to gold?

If there is still hesitation about frankly restoring gold to its former functions, it is because the various governments would like to be sure that the new stabilization rates at which they would stop would be the rates best adapted to their circumstances. That is a problem which each country has to solve for itself, though its terms are virtually all known already. In my opinion the sooner it is solved the better it will be for world prosperity.

I hope I have shown that the severity of the depression through which the world has been passing for four years now is not ascribable to any intrinsic imperfection in gold as a standard, but rather to the mistakes that were perhaps unavoidably made in reëstablishing it after the war. I also hope I have shown that at a time when, as everybody agrees, the world crisis is drawing to a close, the thing most needed as a help to the revival of world business is confidence in the various currencies and certainty as to their futures. If the monetary uncertainty that prevails at present could be brought to an end, problems that seem insoluble today would solve themselves. Restrictions on imports and the use of quotas, for one thing, would magically vanish. If, on the other hand, the uncertainty continues much longer, new problems will not fail to arise, and they will be harder to solve than any that we have met so far. Not only would international business not escape from the doldrums it is in, but there would be a general increase in the uneasiness which has been steadily growing for four years now, and which at any moment may burst forth in the most far-reaching social and economic catastrophes.

Who will be courageous enough to make the first turn of the gold key in the lock?

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GERMANY AND THE CRISIS IN DISARMAMENT

By Allen W. Dulles

THE abrupt withdrawal of Germany from the Disarmament Conference on October 14 of this year has focussed attention on the dangers underlying the present European situation. France today is essentially pacific and is content if she can maintain her existing political and territorial status. Germany is profoundly discontented; and, fed by this discontent, a militant spirit is gaining momentum. This militant spirit is only restrained because for the moment, at least, Germany is in no position to gain her objectives by military action. The present crisis has made a disarmament settlement more vitally essential than ever. At the same time, it has emphasized the fact that a technical settlement of disarmament is not enough. It will be necessary to probe the underlying causes of unrest in continental Europe.

When the Disarmament Conference adjourned last July it was obvious to all familiar with its work that it could not be kept much longer in session unless concrete results could be achieved promptly. The Conference had already dragged on for a year and a half, with numerous recesses which were becoming more prolonged as political difficulties accumulated. The theory that war in Europe can be prevented by keeping the Powers forever conferring at Geneva may have some slight merit, but is difficult to put into practical application. As long as technical questions were being debated, the proceedings could be continued without risking a serious clash of interests; but when the debate turned to concrete questions such as the number of guns, aeroplanes and tanks each country should have, and of what types, the proceedings ran quickly into an impasse. As an example, several weeks were spent in endeavoring to decide how to rate aircraft, whether by weight alone or by weight, horse-power and wing area combined. Differences of opinion were manifest, but political issues were avoided and useful technical information was compiled. Far less progress was made toward determining the number of aeroplanes which the various countries should have. It is true that Prime Minister MacDonald tried to cut the Gordian knot by listing in his plan tentative figures for various countries, but for the most part these figures were not made the subject of effective

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negotiation. The continental European Powers were not yet ready to come to grips with these vital issues. The technical groundwork had been thoroughly prepared; but the decisions on matters of policy were lacking.

The convening of the World Economic Conference last June afforded a breathing spell and turned attention to other questions. But the failure at London tended to make agreement on disarmament still more difficult. Mr. Henderson, the President of the Conference, had used the summer months to sound out the situation in the various European capitals without being able to find a common basis of agreement. October 16, the date fixed for the reconvening of the Disarmament Conference, was fast approaching and still no definite program of procedure had been laid out.

It was under these conditions that during the latter part of September and early in October a series of conversations were held in Paris and then in Geneva, with the British, French and Americans at first participating, and later the Italians and the Germans. As a result, the British Government, represented in these conversations by Sir John Simon and Mr. Anthony Eden, was entrusted by the Steering Committee of the Conference with the task of formulating a program of work based on the MacDonald Plan (generally referred to as the British Draft Convention). The primary consideration was, of course, to find a way to bridge the gap between the French and German positions.

Despite France's anxiety over developments in Germany, the French Government indicated that it was still ready to reduce armaments. The French Prime Minister, M. Daladier, with the calmness and courage which marks him as one of the outstanding statesmen of Europe today, realizing the extreme gravity for France of a breakdown of the Disarmament Conference, endeavored to facilitate the task of the British Foreign Minister in every way within his power. M. Daladier apparently appreciated that there was neither the time nor a basis for common agreement to build up (by means of an international army, treaties of mutual assistance and the like) the elaborate system of "security" so often stressed by his predecessors. He had fallen in with the idea that the proposed Disarmament Convention should provide for commissions of control which would periodically visit the various countries and supervise the extent of their armaments. If France in this way could be relieved of the menace of secret rearmament by Germany she would be justified in effecting substantial reduc-

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tions in her own armaments over a period of years. But it was politically difficult for France to agree to the immediate reduction of her armaments in the face of present-day conditions in Germany, and the suggestions made by France about her own disarmament were contingent upon the prior setting up and efficient functioning of these commissions of control and the general acceptance of the program, already agreed to in principle both by Germany and France, that continental European armies, other than colonial forces, should be reconstituted on a militia basis. In the case of Germany this would have meant replacing her army of 100,000 professional soldiers with an army twice as large but composed of short-term militia. It was further understood that during the life of the Convention, Germany should be entitled to construct, in numbers to be agreed upon, the type of arms which the other Powers did not agree to abolish before the end of the Convention. It was the French idea that this right would only accrue to Germany after an initial period of about four years during which the control commissions would function and the armies would be transformed.

In these preliminary negotiations the chief point of difficulty, as far as Germany was concerned, arose from her demand that she should immediately have some, at least, of all the types of weapons which the other Powers did not agree to abolish. Among these were many weapons not allowed her by the Treaty of Versailles, and in particular military aircraft. This demand presented a serious obstacle, but it was one which seemed possible of adjustment through negotiation. The principle that equality in types should be achieved during the life of the Convention had already been recognized; and in any event it would take Germany some time to construct these weapons — assuming that she had not secretly armed despite the Treaty.

During the course of these negotiations, early in October last, the British and Italian negotiators who were most actively engaged in trying to find the solution of the Franco-German difficulties gave the German representatives an outline of the program which was being worked out, and presented certain oral inquiries to them. Subsequently, Baron von Neurath undertook to obtain an authoritative statement of the views of the German Government, and a few days later the German representatives in London and in Rome presented a detailed statement of the German position. While this statement has never been published by the

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German Government, what purported to be a summary was printed by the *Echo de Paris* and reproduced by the London *Times*. There is no reason to doubt that this résumé presents a substantially accurate analysis of the position of the German Government at that time, and in view of its importance to this narrative of events it is given in full:

(1) The German Government still bases itself on the British Draft; it considers reasonable a convention for a period of five years such as proposed in the British Draft.

The German Government cannot accept the "probationary period." It has no objection to the division of the convention into periods for practical reasons connected with the reduction of war material. There might be, for instance, a first period of two years and a second period of three years. Germany would have to stipulate that equal rights should be applied in the first period.

(2) Germany is ready, in a spirit of conciliation, immediately to undertake the transformation of the Reichswehr into a short-service army. As for the quantity and nature of equipment for the new army, Germany can indicate her views only when the definite proposals of the convention, as it affects material, are known.

(3) In the British Draft three classes of land armaments are mentioned: (a) arms forbidden in the future; (b) arms limited in quantity; (c) arms which are not limited.

With regard to the first category, Germany will accept any prohibition of arms on condition that it is generally applied. Germany will give up, in addition, her claim to arms now held by the armed countries, on condition that these States undertake to destroy these arms within a period not too long, and in no case longer than the duration of the convention, and on condition that the use of such arms is forbidden in the future. Germany wishes to know as soon as possible which arms are to be forbidden and destroyed according to the intentions of the Powers concerned.

As for the second category, the British Draft provides for the limitation of certain arms, both quantitatively and qualitatively. Germany wishes to know as soon as possible how these arms are to be defined and what limits of quantity are to be expected.

She considers that, in accordance with the principle of equal rights, the arms allowed to the other countries, but limited in number, should be allowed also to Germany during the first period, the figures being left open for discussion.

(4) Unlimited arms. In so far as there is no limitation for others there can be none for Germany. If the future convention calls for further limitation, Germany will always agree on a footing of equality.

Merely to increase the quantity of arms allowed by the Treaty of Versailles by doubling the figures fixed in the Treaty would mean a discrimination which Germany cannot accept and which would not satisfy her need for security. Germany wishes either to have full liberty or to be subjected to the same qualitative restrictions as other countries.

This statement of the German position was unacceptable to

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both England and France, particularly on the ground that it indicated an insistence upon substantial and immediate rearmament. To this extent, at least, it was also unacceptable to the United States. However, it did not seem to close the door to further negotiations and the work of formulating the program to be presented to the plenary conference on October 16 was carried forward despite the abrupt departure from Geneva of the chief German delegate, who was called to Berlin for consultation. Every effort was made to find a conciliatory basis which, without admitting Germany's claim for immediate rearmament, would permit the gradual realization of the equality of status on which Germany was insisting and leave the way open for negotiation on the points where the German thesis was not met. This program was presented by Sir John Simon to the Steering Committee of the Disarmament Conference on October 14. As the American position had been consistently opposed to the German claim for rearmament, Mr. Norman Davis was able to support Sir John Simon; and the French Foreign Minister, M. Paul-Boncour, and the chief Italian representative also gave their adherence. At the very moment when these statements were being made at Geneva, Germany was completing her plans for withdrawal from the Conference and from the League. In fact, the world press of Saturday, October 14, carried on the same page the announcement of the German withdrawal and an account of the proceedings of the Disarmament Conference at Geneva. The publicity given to Germany's action naturally blanketed any other news; and the disarmament proposals, being rejected by Germany, became academic for the moment at least. As a result few persons, even students of the subject, have ever taken the trouble to analyze the nature of the offer which was made to Germany. It nevertheless deserves careful study because it was in effect the first program presented to the Conference, other than vague statements of general principles, which had the united support of the British, French, Italian, American and many other important delegations.

In this statement Sir John Simon first summarized the conversations of the preceding weeks and outlined the schedule of work which had been evolved. The Draft Convention presented by the British Government was to serve as the general framework for the future Disarmament Treaty but was to be recast in certain respects which he then suggested. Instead of running for a

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period of five years, it should have a life of eight years. "This period of eight years should be occupied by the fulfilment of a continuous program, designed to secure at the end of the period two essential conditions, (a) a substantial measure of disarmament actually realized and completed on the part of the heavily armed Powers, and (b) the achievement of the principle of equality in a régime of security which ever since December of last year has been the declared objective. . . ." The scheme, according to Sir John Simon, would begin with the transformation of continental armies on the lines set out in the British Draft, together with the setting up of an adequate system of supervision. He further stressed that the measure of disarmament should be that "provided for in the United Kingdom Draft Convention or some comparable variation of it," while from the beginning of the Convention it should be agreed that no government would acquire further weapons of the type to be eventually abolished. During the second stage of the plan, that is, the last four or five years of the Convention, "the results of the abolition of various kinds of armaments and of the prohibition against their further use will be to constitute a common list of permitted arms which would become the same for all countries, and thus the differential position of the Powers whose armaments were limited by the peace treaties would finally cease. Quantities and other detailed regulations would, of course, be in each case the subject of negotiation and agreement." The types of weapons to be eventually abolished had already been set forth in the British Convention; they included among others movable land guns over 6-inches in calibre, heavy tanks, and gas; there was also to be drastic reduction in the numbers of military aircraft and limitation on their size. Finally — and here came the rub for Germany — Sir John Simon stressed that "the scheme involves the principle that the Powers now under restriction of the peace treaties should not begin to increase their armaments forthwith but should express their willingness to conform to a time table," as agreement "could not be reached on the basis of a Convention which would provide for any immediate rearmament" other than, in the case of Germany, such numerical increase in its present armaments as would be required in view of the fact that it was proposed to double Germany's army.

Necessarily Sir John Simon's statement dealt with principles applicable to all states represented at the Conference rather than the particular situation of Germany and France. It was

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obvious, however, that the statement was drawn with a view to the German position, and went a considerable distance toward meeting it, except, of course, the German demand for the right to construct immediately all the types of weapons which the other Powers did not agree to abandon. This right was to be deferred for three or four years.

It is hard to believe that it was Sir John Simon's statement which caused Germany's withdrawal. The Geneva proceedings could only have been known in Berlin a matter of minutes — not even of hours — before the German withdrawal was announced. One is forced to the conclusion that Germany had decided upon her course of action some time before, being convinced from the preliminary conversations that her entire thesis would not be accepted. As a matter of fact, in the formal telegram to the Conference Germany based her withdrawal upon the general grounds that the Conference would not achieve its objective, that the heavily armed Powers would refuse to disarm, and that the German claim to equality would not be granted.

We can only surmise what took place in Germany immediately preceding her withdrawal. Certainly there appeared to be an abrupt change in Germany's attitude during the final weeks of the negotiations; the earlier willingness to negotiate changed into a desire to find plausible grounds justifying her abandonment of the Conference. When President Roosevelt sent his message to the Economic Conference in London on July 3 it was in many quarters interpreted as a change of American policy. It was probably not such at all. He was merely drawing the inevitable consequences in the international field which domestic policies dictated. It was somewhat the same type of situation which Germany faced last October. The National Socialist Party and the Hitler Government, at least in their appeals to the electorate, have based themselves upon a platform of relieving the German people from what they consider to be the burdens of the Treaty of Versailles and of regaining for Germany the equality of status among the nations which they have come to feel is being denied them. It is not unreasonable to believe that Hitler came to realize that any disarmament agreement would mean the political and territorial status quo for Germany for the period of that agreement, that is, eight years. Even though a disarmament agreement would bring about certain changes in Germany's military status, such an agreement would take away from Germany the

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strongest weapons she now holds to bring about a change in her status, namely, the threat of rearmament. Germany did not propose to give up her trump card merely for some reduction in the armaments of other Powers, which she probably viewed as inconsequential, and some change in the Versailles Treaty provisions as to her own armaments, which she considered negligible. If we grant the correctness of this hypothesis, it probably made very little difference what Sir John Simon said in Geneva on October 14 or what program short of complete acceptance of the German demands was then adopted.

Germany's withdrawal from the Disarmament Conference and from the League of Nations signified her revolt against Versailles. It also meant her refusal to negotiate in Geneva with fifty or more nations on matters which she felt primarily concerned her and her European neighbors and which could be settled, if any peaceful settlement were possible, only by negotiations on a new basis and with a very restricted group of states.

It is of little use now to apportion the blame for this outcome or to debate what might have been. If Sir John Simon's program could have been presented a little over a year before to Chancellor Brüning, there is little doubt that he could have taken it home to Germany in triumph. If the Disarmament Conference could have met two years sooner and reached it decisions of last October in October 1931, the history of the last two years and of the years immediately before us would have been quite different. As is so often the case, political leaders act too deliberately and fail to keep pace with the rapidly changing course of events.

When the inevitable occurs even those of us who are closest to the situation are caught unawares. The Treaty of Versailles inevitably sowed the seeds of bitterness in central Europe; inflation then helped to destroy in Germany the power and influence of the middle class, the class which is generally an element of support for a policy of moderation and patience. Finally, Germany's neighbors were too slow in realizing that the peaceful maintenance of the essential parts of the structure they had built up required them to make substantial concessions. The revolt in Germany got under way while France was still debating her policy, and the revolt was aided by the depression which has fostered revolutionary tendencies in both politics and economics, not only in Germany but in many other parts of the world.

In the field of disarmament Germany had waited for almost

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fourteen years for any substantial realization of the implied commitment in the Treaty of Versailles, that her disarmament should be a prelude to the reduction in armaments of the other Powers. Whether this was a legal or a moral commitment is hardly worth debating. Even if we admit that the obligation was only a moral one it should nevertheless have been respected. It is very questionable whether the amount of reduction of armaments effected since the end of the World War could be held to have fulfilled this moral commitment. It is true that the naval Powers have reduced and limited their armaments, and France has voluntarily reduced her period of military service from three years to one year. Notwithstanding this, the overwhelming military superiority of Germany's neighbors exists, and has been pictured in Germany as having left their country in an entirely defenseless position. This more than any one factor has tended to create the feeling of revolt in Germany which has led to the events which we have described. Today when the Germans refer to the fact that they are not treated as equals among the nations of the world they have primarily in mind their military inferiority.

There are some situations where it is relatively easy for outsiders to judge between two nations and say where lies the right and where the wrong. But in viewing this disarmament issue put yourself today in the place either of a Frenchman or a German. It is easy to make out a case for either. The French quite naturally feel, and to a man, that to disarm in the face of the sort of Germany they see today across the Rhine, and in the light of past history, would be not merely to run a risk; they feel it would be a fatal risk. The Germans on the other hand will never rest so long as they feel that they are absolutely defenseless against possible attack by their neighbors. And this is true although both France and Germany would agree that today there are no serious issues to separate them, other than the disarmament issue, if only the situation of the two countries could be viewed alone and apart from the rest of Europe. Unfortunately this is not possible, for Germany has other frontiers where both France and Italy consider that their vital interests are concerned.

The Treaty of Versailles system has been maintained so far through the overwhelming military superiority of the victorious Powers over the vanquished. It can continue to be maintained if that superiority is preserved. A disarmament agreement which ended that superiority would in the eyes of France be merely the

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first step toward a complete renunciation of Versailles and hence would be fundamentally unacceptable to France and her allies — probably also to England and Italy. An agreement that leaves Germany indefinitely in a position of military impotence is unacceptable to Germany. If the problems which confront the European countries are to be worked out by agreement it is not merely a Disarmament Conference which Europe needs, but a second Peace Conference in which the disarmament question would be only one of the major problems to be solved. If Germany is sincerely persuaded that the adjustment of her political and territorial problems with her neighbors must be sought through peaceful negotiations and never by force, and if the Powers of Europe are willing to meet her half way in carrying out such a policy, a disarmament agreement is still possible. The time may not yet have come when the nations concerned are ready to face this issue; they may never be ready to face it until it is too late. If the issue is not met before Germany has rearmed, Europe will be taking the road which may lead to a major conflict unless Germany's neighbors decide in the meanwhile to adopt the heroic remedy, if in fact it be a remedy, of preventive military action.

The withdrawal of Germany had obvious repercussions on American policy with regard to disarmament. Up to that time the United States had been coöperating with the other nations of the world in finding a technical basis for the mutual and gradual reduction of armaments. Political issues were subordinated. Disarmament was the end in itself. Mr. Norman Davis as spokesman for the American Delegation had made real progress in developing the thesis which was stressed in President Roosevelt's appeal to the nations, and in President Hoover's disarmament plan, that mutual reduction of armaments and of armies, and in particular the abandonment of heavy guns, heavy tanks and the like, that is, the so-called aggressive weapons, coupled with adequate measures of supervision and control, would tend to increase the security of all countries. Political measures to reënforce security were not an essential prerequisite to a type of disarmament which in itself, and apart from such political measures, tended to add to a nation's security. This point of view as developed by Mr. Davis had had a real influence on the French attitude toward disarmament.

As long as Germany was prepared to wait for a gradual and

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progressive realization of her claim to equality of status through the reduction in the armaments of others there was hope that these principles could be given practical application. Once Germany had withdrawn from the Conference, on the ground that she was not prepared to await the carrying through of any such program, the situation in so far as concerned Germany's immediate neighbors was vitally altered. They were and are left with the problem of determining their policy not with respect to a world-wide disarmament agreement, but with respect to the narrower issue of German rearmament. To take part in this decision would certainly involve some commitment by the United States as to a course of action toward Germany in the event that the policy adopted failed of acceptance. Germany's neighbors are in effect faced with the decision whether to follow a laissez-faire policy in the hope that German rearmament will not be of a serious character, or to make new proposals to Germany, or to take preventive action. If the policy adopted is such as to bring Germany back to the consideration of disarmament, there will again be a basis for American coöperation without danger of being drawn into European political decisions. If, however, the Powers of Europe fail to find a common ground for coöperation with Germany in working out a disarmament program, there seems hardly any other alternative for the United States than to leave to them the responsibility for determining their policy without attempting to guide their decision.

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PUERTO RICO: OUR LINK WITH LATIN AMERICA

By Theodore Roosevelt

THE various nations of the western hemisphere have much in common as regards the manner of their birth, and all hold as their ideal a democratic form of government. It would seem on this account that there always should have existed a general sympathy and understanding between them. Undoubtedly this was so in the early decades of the last century, just after the United States had terminated her struggle for independence and when South America was battling for the same end. Many North Americans fought in the South American armies at that time. Miranda's first expedition was in large part composed of citizens of the United States. The great liberator, Bolivar, tried to build a state in central and northern South America to correspond to our nation. George Washington was venerated as a hero there as well as here. Shortly afterwards President Monroe, with the backing of Canning, promulgated the Monroe Doctrine, which had as its basic creed America for Americans.

Much might have been expected from such a beginning, but instead of growing together the two great divisions began to pull apart. Various causes were responsible. North Americans obtained business concessions in the southern countries and ruthlessly exploited them. Meanwhile, the South American countries contributed their part to the ensuing misunderstandings through the activities of corrupt officials or oppressive action. We further made ourselves unpopular through boundary arbitrations, etc. Perhaps even more damaging than the foregoing was the assumption on the part of the people of the United States that they were infinitely superior to the southerners.

I personally believe it is a good thing for a nation to have a firm conviction of its worth; but it should have the decency and the manners to keep that conviction to itself. We did not. We showed it constantly, and I am sorry to say at times we still do. We "high-hatted" South America. Very naturally the South Americans, who are sensitive and proud, resented this.

It is easy to believe wrong of someone whom you do not like. Suspicion of every kind was generated. Accusations of every sort were heaped on the United States. Our nation as a whole was

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judged by the adventurers and drifters who found their way south.

Until the Spanish-American War this trend continued to develop and contacts between the two Americas were slight and unsatisfactory. Indeed, Mexico was the only Latin American country with which we had constant relations, and those relationships more often than not were hostile. We were somewhat in touch with the Indies. As for South America itself, it was remote both from our thoughts and our economic relationships. I remember when I was a small boy being puzzled and slightly shocked on hearing one of my European friends allude to a South American as an American. I felt that that term belonged entirely to citizens of the United States.

The Spanish-American War furnished the opportunity for a new era. It brought us into intimate contact with the Indies. We took over the administration of Cuba for a short time and acquired Puerto Rico. Even that, however, did not immediately draw us into contact with the southern part of the hemisphere. Not till the increasing demands of trade brought improved communications was there opportunity for the citizens of the United States and the Latin American countries to start knowing each other at first hand.

Today, to my way of thinking, the most important foreign relationships of the United States are those with the countries to the south of the Rio Grande. Broadly speaking, the logic of this is evident. The United States can be said to be in large measure a manufacturing country and it will become increasingly so as the years pass. The Spanish-American republics, on the contrary, are in the main agricultural. Their population is sparse. They have great tracts of virgin forests. Their exports will therefore be certain agricultural products in which they excel and raw materials, such as lumber and a variety of minerals. Our forest areas have contracted to a point where they cannot furnish our demand for forest products and must not be further reduced. Canadian forests also have been exploited to a point close to the danger mark. Thus South America will wish our manufactured articles and we shall need many of their agricultural products and raw materials. We are therefore supplementary and complementary to one another rather than competitive.

It would seem simple, where interests are so clearly identical, to establish relationships on a satisfactory basis. Unfortunately

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this is not true. There is still a wide misunderstanding and antagonism between the two cultures. Neither North nor South Americans are linguists. The people who speak English south of the Rio Grande are as small a group numerically as those who speak Spanish to the north. The old hatreds and misunderstandings bred during the last hundred years rankle still. We must overcome them. I believe Puerto Rico can be a most important factor in doing so. I believe that the United States should look at the Island and its problems with this in view.

Puerto Rico is a little place and economically poor. The Island, consisting of a group of rugged hills surrounded by a narrow coastal plain, is only about 100 miles long and 35 miles broad. The population is large — over 550 people to the arable square mile. The forests have largely disappeared and the government has no land on which to take care of the expanding needs of the community.

In one fashion or another the United States has been contributing to the support of Puerto Rico. In the first place, a considerable part of the sums expended for governmental purposes in the Island comes from the federal treasury. In addition, of course, Puerto Rican sugar, which is by far the biggest cash crop of the Island, literally depends for its existence upon the tariff wall of the United States within which it stands. In spite of this, misery is great. There is insufficient work, and poverty, sickness and hunger stalk the Island.

Puerto Rico is basically agricultural. Originally the crops were more or less diversified, but in later years many changes have come. Coffee used to be an important article of export and was largely cultivated in the hilly districts. At no time, however, was Puerto Rico able to compete in production costs with the great coffee-growing countries of South America. Her coffee therefore had to be of such grade and flavor as to command a much higher price. Since the collapse of the world coffee market the cultivation of this crop has greatly diminished. Another crop on which the Island depends is tobacco. This also has suffered for a variety of reasons. To begin with, the general economic crisis has destroyed the price. In addition, Puerto Rican tobacco was used for cigars; but the world at large, and particularly the United States, has been turning from cigars to cigarettes.

The coastal plain, which contains by far the richest land, is largely in sugar. From time immemorial plantations there have

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been in the hands of a comparatively few individuals. The advent of the big sugar companies has tended to accentuate this. The average Puerto Rican is therefore a landless man, either working as a laborer on a plantation, farming on shares, or living in one of the cities.

Of late years there has been a determined attempt to put him back on the soil. This has been carried on by means of a government homestead commission which bought up tracts of land where it placed landless but experienced farmers. These farmers are now amortizing their debt to the government over a period of years. The government, meanwhile, retains agents whose duties do not consist merely in collecting rents, but who are rather in the nature of instructors to the community of small farmers in these groups of homesteads. All possible efforts have been bent towards encouraging the cultivation of vegetables, primarily for home consumption. In addition, possible crops of every sort have been studied with a view to discovering new sources for agricultural development.

The farming problem, besides being complicated by the facts given above, is subject to another great risk. At periodic intervals the Island is swept by violent hurricanes. These are bad enough when they merely destroy the crop, as in the case of sugar; but with citrus fruits and coffee they often destroy the trees, which means that the damage can only be repaired by an entirely new planting and after a long period of growth. In recent years these disasters have been unusually common. Thus there was an exceedingly bad hurricane in 1928 and another in 1932; while in between was a somewhat slighter one which, however, did destroy a large percentage of the crops on the north coast.

Even putting aside the hazards and difficulties described above, Puerto Rico very evidently has too heavy a population to be sustained by agriculture alone. What is more, the population is increasing rapidly. The Island must either have an emigration outlet or turn to manufacturing. Emigration even under more normal circumstances than now prevail is most difficult, for the average Puerto Rican hates to leave his country. Surprisingly little manufacturing is done. The big industry is needlework; which ranges from garment work to embroidery and is carried on both in factories and in the homes. The employees are naturally almost entirely women. There is some hat-making. During latter years a determined attempt has been made on the part of the

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government to interest manufacturers in the possibilities of the Island. A Bureau of Commerce and Industry was formed for this purpose. So far, however, possibly due to the depression, only a moderate amount of progress has been made.

So much for the gloomy side of the picture. It is only half. The brighter side rests in the fact that the Puerto Ricans are of Spanish culture and largely of Spanish blood. They are, so to speak, members of the family of the United States by marriage, but blood relations of all of Spanish America. They are in an ideal position to serve as the connecting link between the two great divisions. In them and their island the cultures of the north and the south can meet and blend; there the peoples can be explained one to the other. It is the "house of the interpreter" in this hemisphere.

If we deal with the Island rightly it can be of great value not merely to the United States but to the entire hemisphere. But if we are to develop it as a point of contact with South America we must adopt a different set of policies from those we have so often followed. We must recognize the cultural significance of Puerto Rico in particular and of all the Spanish-American countries in general. It is not the same as ours, but non-identity does not imply inferiority.

We must not try to eliminate the customs and culture of Puerto Rico by substituting therefor our own customs and culture. I do not believe that we could do so if we tried; and if we could, Puerto Rico would lose its value. Puerto Rico should not abandon Spanish as the language in which the people express their intimate thoughts. It should merely add to its background of Spanish culture and the Spanish language northern culture and English. We should strive to have the Island a place where Shakespeare and Cervantes are equally understood.

We have been known in the south as sordid materialists. Dollar diplomacy has become a synonym for our actions. If we are to inspire confidence in South Americans we must show them we are anxious to help them in their problems as well as to trade with them. We can do this effectively through Puerto Rico.

One of the great problems of the tropics is agriculture, the other is disease. Neither of them has been studied within the tropics to anything like the extent that it has been scientifically investigated in the temperate zones. Now Puerto Rico has had men of cultivation who have contributed to the liberal arts.

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But in addition the people of the Island have shown a marked ability in the investigation of the problems connected with tropical agriculture and tropical medicine. The Island is ideally situated for these two endeavors. Though it is so small, it has within its borders practically every type of soil and climatic conditions found in the tropics. It therefore forms a perfect laboratory.

Puerto Rico's work in medicine is exemplified by the School of Tropical Medicine, which is conducted by the University of Puerto Rico in conjunction with Columbia University, New York. The work takes two forms. The first of these is experimentation. Continuous investigations are under way on every phase of disease, ranging from fevers to the intestinal parasites that are the bane of tropical countries. The second phase is training young men to go out and carry on the battle against disease. In other words, the School of Tropical Medicine is a laboratory where scientists from all over the world can go to conduct special experiments and a school where the students from the various countries, particularly those of South America, may receive an education and go back to their homes better equipped to serve.

In both directions the School has made notable contributions. There is a long list of Puerto Ricans, both past and present, who have attained fame in this work. In Puerto Rico the original plans for the battle against hookworm were formulated. Among the Puerto Rican medical men whose names are engrossed on the roll of honor are Colonel Bailey K. Ashford, for his work on hookworm, sprue, anemia and nutritional deficiencies in the tropics; Dr. Gonzalez Martinez, discoverer of schistomiasis of the intestinal canal; Dr. Guiterriez Igaravidez, for his work in tropical tuberculosis; Dr. Morales Otero, for his work in Malta fever; Dr. Carrion, for his work on skin diseases; Dr. Fernos Isern, for his work on the application of scientific nutrition to children in the tropics. Distinguished scientists have also come to the School of Tropical Medicine from other countries, either to lecture or to pursue their own individual investigations.

But the scientific ends served by the School of Tropical Medicine represent only a part of the work that Puerto Rico can do and has done in the field of tropical health. Knowledge is only valuable to the world if it is applied. The problem is not merely to discover diseases and their remedies, but to devise machinery

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for carrying the new information to the people. In this direction Puerto Ricans have made great strides.

The Health Department of course has its experimental stations on bacteriology, hospitalization, etc., but its departure of most fundamental importance consists of the system of health units which are being established in the Island. For this purpose the Island has been zoned, and as far as funds permitted a unit has been placed in each zone. Each unit consists of a full-time doctor, clinic, nurses and social workers. The doctor coördinates his work with whatever health services he may find in the community, whether municipal or private. His unit forms the outpost which fights disease when it occurs and, more important still, spreads preventive knowledge. The effectiveness of this scheme in tropical countries is illustrated by the fact that after the last bad hurricane, about a year ago, no epidemic outbreaks of any sort occurred.

In addition, the schools in the various communities have been utilized for health work under the joint supervision of the Commissioner of Health and the Commissioner of Education. Teachers are given practical instruction along these lines. Lectures on sanitation and the common diseases are arranged and delivered, not for the children, but for the grown-up members of the community. Scientific terms are tabu. Pictures or slides are used where possible.

I have said enough, I think, to show that Puerto Rico has made considerable steps in medicine and health work which can be of value to other Spanish-American countries if contacts of the right sort are established.

In agriculture Puerto Rico's achievements have been the equal of those in medicine. There is a College of Agriculture connected with the University, and there is also an Insular Experimental Station. Both of these and the Federal Experimental Station have attained notable results. Sugar, as I have said, is the Island's principal crop. By scientific experimentation and breeding, canes have been developed which yield a sucrose content 15 percent higher than those used a short period ago. These species have immunity to the common diseases. Again, irrigation systems have been evolved, having in view not merely the growth of the plant but also the health of the cultivators, for irrigation too often means a great increase in malaria. Fertilizers and their effect on soils in tropical climates have been exhaustively studied,

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and in some instances the yield per acre has been more than doubled. The investigation of sugar merely typifies what has been done in the case of other branches of agriculture. Coffee, citrus fruits, tobacco, vegetables, all have come in for their share of attention. Standard works on these matters have been published by Puerto Rican students. Dr. Carlos E. Chardon, the Chancellor of the University, and Mr. Edmundo Colon, formerly Commissioner of Agriculture, Mr. Mendez Ramos, Mr. Lopez Dominguez, Mr. E. Matti and Mr. Nolla have done investigational and scientific work of the first value and have reported thereon in writing.

As in medicine, equal attention has been given to spreading knowledge to those who must benefit therefrom. Systems of extension work suitable to tropical countries have been developed and have proved effective in practice.

So far I have dealt merely with what has been done. The vista for the future is very wide. There are many subjects which have not been touched which clearly are worth while. In an earlier paragraph I alluded to the fact that the north might need forestry products from the south. Puerto Rico offers a splendid place in which to carry on experimental work in forestry. Wood in the tropics grows approximately five times as fast as it does in the northern countries. In the continental United States we have consumed our forests and are consuming them far more rapidly than they can grow. We cannot afford to continue this policy. Unquestionably the disastrous floods in the Mississippi Valley, which cost so much in life and property, have been due in great measure to the deforestation we have so recklessly pursued. In the future we must draw from those parts of the world where crops of timber can be quickly raised and where the acreage lies. To prepare us for this we need a forestry station to investigate what woods may best be used in our manufactories, how it can be raised, and where it can be obtained.

Let us now return to the broader aspect of the problem, namely the bearing of what I have outlined on the ultimate relationships of the nations forming this hemisphere. I believe that by developing the services described above we can be of benefit not merely to Puerto Rico and to the United States, but to the other countries as well. We have neglected and mishandled our relationships with the nations south of the Rio Grande. Often we have approached them with no other thought than to exploit them for

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the benefit of some individual or group in the United States. This has been shortsighted in the extreme. No permanent good can ever come to a part of the citizens of a country at the expense of all its citizens. By the same token, no foreign relationship of lasting value can be built between nations on a basis other than mutual understanding and benefit.

We of the United States therefore should strive first of all to understand and appreciate the ideals and aspirations of the Latin-American republics, and second, to be of service to them to the end that all may profit thereby. No better instrument of attaining this end lies at hand than Puerto Rico. Through the School of Tropical Medicine we will be discovering the cures of the diseases which have devastated tropical peoples. If it is developed as it should be, it will draw young men from all the central and northern South American countries, and probably many of the Puerto Rican graduates will go to those countries to practise. The same holds true in agriculture. The experimental work will be of great value to all the Latin-American nations. Furthermore, the young Puerto Ricans can go to them and help in the organization of agricultural services.

These are not impractical visions; already much has been accomplished. Young American citizens born in Puerto Rico are now in Peru, Ecuador, Colombia, Venezuela, Costa Rica, Cuba and Santo Domingo, some of them acting as production directors for large companies or agricultural associations, others serving in the respective governmental departments of agriculture. Many of them have been sent at the direct request of the governments concerned. There are many other examples. At the request of the Colombian Government, Dr. Chardon six or seven years ago visited the Department of Antioquia in that country for the purpose of making a detailed study of the School of Agriculture and Animal Husbandry. The study was made, and the Governor of that State passed legislation to put the recommendations into effect. A few years ago the Ecuadorian Government sent its Director of Agriculture, Dr. Abelardo Pacharno, to Puerto Rico to study the organization on the Island. Panamanians and Peruvians of attainment and distinction, besides many others from other countries, have come to the Puerto Rican Experimental Station for study.

At Rio Piedras is the University of Puerto Rico. It could symbolize the ideal of which I speak; it could well be a gathering

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point for scholars from both north and south. In literature there should be classes on Spanish writings from both Spain and the South American countries. These classes might well draw students from the north to learn of Cervantes, de la Vega, and Ruben Dario. At the same time there should be courses on English literature where boys and girls of the Spanish countries could hear of Shakespeare, Milton and Walt Whitman.

There are numerous practical phases that should be developed. The law school could teach Roman law for the benefit of North American students and our Common law for the students from the south. Special features could be a part thereof. For example, here in the United States we have developed over the past years new methods of dealing with public utilities. South America is on the threshold of this development. It would be of real value for many South Americans to get an opportunity to study our legislation on this subject in a university where they could understand the language.

The illustrations I have given could be multiplied many fold. We might well make Puerto Rico a base for cultural and scientific work the influence of which would be felt through both continents.

There is still another aspect of what I have been discussing, and that is the use to which Puerto Ricans might be put in our dealings with South America. The United States has both governmental and business relationships with all of the South American nations. From a practical standpoint, what could be better in these positions than young Puerto Ricans, Spanish by blood and tradition, Spanish-speaking, and yet American citizens with a thorough knowledge of the English language and of American customs?

To sum up, it must be admitted that Puerto Rico is not and almost certainly never will be an economic asset to the United States. She is far more likely to continue to be in need of federal aid. On the other hand, as I have tried to indicate, from the broad aspect of international relationships she can be of great value both to our country and to this hemisphere. She can and should serve as a connecting link between the two great cultural divisions.

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LATIN AMERICA, THE LEAGUE, AND THE UNITED STATES

By Stephen P. Duggan

BEFORE the World War, generally speaking, Latin America was on the periphery of international relations. It did not exert much influence in international affairs, and its foreign relations were mainly with the countries of the western hemisphere, particularly the United States. For the other countries of the world the blue ribbon position in diplomacy might be the ambassadorship in Paris or London; for the Latin American countries it was at Washington. The economic interests of some of the Latin American countries were largely with Europe, but the political relations of all of them with Washington were of vital importance. In comparison, those with other countries were relatively unimportant, with the possible exception of the relations of Argentina with Great Britain.

As the result of the great war-time demand for their cereals, meats, sugar, nitrates, and manganese, Latin Americans were led to change their attitude of mind towards the rest of the world. They discovered that their countries occupied an important place in world economy, and this greatly increased their pride in their own continent and also their self-confidence. Then immediately after the war they were invited to join the League of Nations on a footing of equality with all other nations of the world, including the Great Powers of Europe. This further enhanced their self-esteem, courage, and prestige. During the colonial period the Latin American peoples had been absolutely dominated by Spain and Portugal (except for French rule in Haiti). After their achievement of independence and during the nineteenth century they lived largely in the shadow of the United States. Today they have a growing determination, and it is particularly strong on the part of the stronger and more progressive states, to lead their own lives without acknowledging the tutelage of any other people or state.

The wars of the French Revolution and those waged by Napoleon compelled the European nations to concentrate attention upon the problems of their own continent. This gave opportunity to the Latin American nations to secure their independence. There developed in the early nineteenth century

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among all the republics of the western hemisphere a widely diffused sentiment in favor of what was called continentalism. That was the romantic period in the literature of all the American peoples, north and south. Much was made of the recent struggles for independence, of the adoption of republican institutions, of the establishment of new civilizations founded upon liberty and the rights of man. It was felt that these things formed a spiritual bond which in a way united all the nations of the American continent as against Europe, from which it was geographically separated. The attitude was strengthened by the pronouncement of the Monroe Doctrine as an instrument of defense for all the American nations against any attempted aggression by Europe.

The first serious blow to continentalism was our war with Mexico. Since then a series of unfortunate incidents in our relations with some of the Latin American countries has so diluted the old ideal of continentalism, more recently termed Pan Americanism, that little of it remains. As time passed, the elements of dissimilarity and division between them and the United States became more pronounced than the elements of resemblance and unity. Moreover, in the century of slow development after the Latin American countries secured their independence there was little coöperation among them. Indeed, in the course of time a good deal of rivalry developed among the stronger ones, especially Brazil and Argentina, for leadership in Latin America.

The outbreak of the World War resulted in a considerable revival of the spirit of Pan Americanism and of the tendency to follow the leadership of the United States. After the United States declared war on Germany on April 6, 1917, thirteen of the twenty Latin American republics also either declared war on Germany or broke off diplomatic relations with her. Ten of these specifically stated that they were animated in so doing by the principle of American solidarity. The community of feeling with the United States, however, did not survive the war. The rejection of the Covenant of the League of Nations by the United States Senate was regarded by Latin America generally as a moral betrayal. The enthusiasm roused by the idealistic speeches of President Wilson rapidly waned and was soon succeeded in some states by a feeling of fear because of the enormously increased power of the United States resulting from the war. Formerly, economic ascendancy in South America lay with Great Britain

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and Germany. After the war it passed to the United States, which became dominant both politically and economically.

All the Latin American nations save Ecuador eventually joined the League of Nations. In doing so they were animated in part by different motives; but undoubtedly there were certain ideals and principles which inspired all of them. Throughout the nineteenth century the Latin American nations were weak states from the standpoint of military power. They have always strongly supported methods of arbitration, coöperation, and judicial settlement of international disputes. They regarded the Covenant of the League of Nations as giving universal application to their own traditional policies. This was a source of great pride to them.

Actual membership in the League of Nations strengthened this feeling of pride and self-reliance. In the Council and Assembly of the League the Latin American states sat on a footing of equality with the representatives of the Great Powers, and in course of time their representatives were elected to preside over those bodies and often acted as chairmen of important committees. This was in sharp contrast to the Pan American conferences, where the United States dominated and the Latin American states felt that they occupied a place of inferiority. In fact, there can hardly be any doubt that one of the motives which animated a considerable number of the Latin American nations in joining the League was the belief that it would act as a counterpoise to the United States. Article X of the Covenant, guaranteeing the political independence and territorial integrity of League members, which was largely responsible for causing the Covenant to be rejected by the United States, made a strong appeal to some of the weaker Latin American countries.

The League, on the other hand, aiming as it did at universality, profited by having the Latin American states as members. They helped make up for the absence of the United States and Russia. The eighteen Latin American states which joined the League formed almost one-third of its total membership and went far to relieve the League of the charge that it was essentially a European organization.

II

Collectively the Latin American states have followed certain policies within the League. One has been to continue to pursue an American continental policy with reference to matters of general

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American interest and to settle disputes among themselves at the Pan American conferences rather than at the meetings of the League. Disputes between Latin American states might readily be submitted for settlement to League organs. But as a matter of fact they seldom are. The Latin American nations may not approve the Monroe Doctrine, but they whole-heartedly believe in the tradition behind the Doctrine that non-American states should not interfere in purely American affairs. In the boundary dispute between Panama and Costa Rica in 1921, as well as in the recent Chaco and Leticia disputes, the League Council drew to the attention of the disputants their commitments under the Covenant, but the disputants themselves did not at first voluntarily submit their disputes to the Council.

Individually the various Latin American states have pursued different lines of action at Geneva. During the first six years of the League's life, Brazil was the most influential of the Latin American member states. She had practically always maintained a friendly attitude towards the policy of the United States in international affairs. Five days after the United States declared war upon Germany, the Brazilian Government handed the German Minister his passports and on October 26 of the same year declared war upon Germany. In doing so she definitively broke the ABC combination which had been formed in 1914, and which had begun to act for South America in Pan American affairs. The other two states of the ABC combination, Argentina and Chile, maintained neutrality throughout the war. Argentina's international orientation has always been towards Europe rather than towards the United States. Its traditional foreign policy has included a critical attitude towards the United States. As for Chile, the attitude of neutrality it adopted was determined to a considerable extent by the powerful German element included in its population.

The Peace Conference was dominated not by the neutrals but by the victorious Allies. It was natural, then, that these should regard Brazil, who had also been a belligerent, as the leader of the Latin American nations. Her representative at the Peace Conference was made a member of the Committee on the League of Nations; and she was named a member of the Council to serve until the Assembly should elect the non-permanent members. She retained her place as a non-permanent member of the Council until she resigned from the League in 1926. During her period of

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membership, Brazil played a prominent and influential rôle. She had already won the admiration of the League members when the agreement made at Locarno, in 1925, for Germany's entrance into the League with a permanent seat came up before the Assembly. Brazil maintained that if the number of permanent seats on the Council was to be increased, one should be assigned to her. Europe already had three permanent seats and Asia one. The western hemisphere was unquestionably entitled to a permanent seat, and as the United States refused to occupy it Brazil regarded herself as the logical heir as being the next largest and most populous state on this hemisphere. Moreover, she maintained that such an important question ought not to be solved by special agreement made in private by individual members of the League, all of them Europeans.

Brazil unquestionably expected the other Latin American states to back up her claim. They did not. On the contrary, the majority of their delegates at Geneva sent a request to the Brazilian delegation to recede from its position. They did this in accordance with the principle of the equality of states, of which the Latin American nations have been the strongest possible advocates; they denied the claim of any state to be the leader of America and as such the holder of a permanent seat on the Council. They were ready to support the elimination of permanent Council seats altogether, but, failing that, they merely demanded increased representation on the Council for American members of the League without any special position for any particular member. Their refusal to support Brazil destroyed all her chances of success. The League declined to accede to Brazil's demand; and Brazil notified the League of her intention to withdraw. Her notice of withdrawal was followed by a reorganization of the Council which increased the representation of Latin American nations from two to three members. The withdrawal of Brazil from the League enhanced the position of Chile, which was elected in the following year to occupy the non-permanent seat formerly occupied by Brazil. Chile had heartily coöperated in the work of the League from its beginning.

The attitude of Argentina to the League has been very different from that of Chile. She has participated but little in its work and has not shown any great amount of interest in its activities. Almost at the beginning of the League's career the Argentine delegation introduced three resolutions for considera-

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tion by the Assembly, directed towards widening the influence and improving the machinery of the League. Admirable in themselves, they were ahead of their time. The first resolution provided that all nations should be invited to join the League, in accordance with the principle of universality. The attitude of the majority of the European nations towards both Germany and Russia was then one of intense antagonism and rendered the adoption of this resolution hopeless. The second resolution maintained that equality among member states should be made real by having all the Council elected every year. The third resolution provided that all states should join the Permanent Court of International Justice and should in addition adhere to the principle of compulsory jurisdiction. Today this suggestion has been to a great extent realized; but in 1920 it was premature. Upon the refusal of the League to accept its proposals, the Argentine delegation withdrew. Although Argentina remained within the League it was not officially represented again at the annual meetings of the Assembly until 1933.

Argentina's proposals were an evidence of the idealism with which most of the Latin American states viewed the founding of a world organization to maintain peace and develop international justice. Her withdrawal from attendance was no doubt partly due also to the important place occupied by her rival, Brazil, in League affairs. It is noteworthy that in 1928, the year in which Brazil definitively severed all legal connections with the League, Argentina sent an observer to the meeting of the Assembly, and in 1933 resumed full membership in the League and was elected to the Council. This has had repercussions in Latin America, for it is looked upon as lending encouragement to Argentina's aspirations to hegemony.

The fourth great Latin American state, Mexico, was not invited at the close of the World War to join the League. The Allies had regarded the government and people of that country during the war as pro-German in sympathy and activity. Moreover, when the League came into existence, Mexico was engaged in a bitter controversy with the United States over the oil and land questions and the government of the United States used its influence against Mexico's receiving an invitation to join. Mexico was afterward (1923) formally invited to join the League, but refused because of what she considered the affront of having been omitted from the list of those originally invited. However, in 1929

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Mexico accredited an observer to the League and in 1931 formally joined.

The belief — of which the Argentine proposals were an evidence — that the League would immediately bring about a new world order, was also revealed in the expectation that it would undertake forthwith to revise the evils of existing treaties in accordance with Article XIX of the Covenant. In the very first year of the League's existence, indeed, Peru and Bolivia brought up for consideration the Tacna-Arica controversy and the question of revising the treaties which had been drafted to settle the problems arising from the War of the Pacific of 1879. But in the first years of the League's existence the European members of the League were giving all their attention to the pressing problems of war-worn Europe and had no interest in attempting to settle a dispute which was so distant both in time and place. The result was that Peru and Bolivia, disillusioned and irritated, were among the absentees from League assemblies until 1929.

Concerning the relations of the other Latin American states with the League of Nations, particular mention must be made of Cuba and Uruguay. These two small states have been the most faithful of the Latin American countries in their attendance at League meetings and conferences, in their ratification of League conventions, and in their payment of League quotas.

III

The relations of the great majority of the Latin American countries with the League of Nations have been characterized by vacillation ranging all the way from enthusiastic devotion to complete indifference. The reasons are not far to seek. Latin America feels no compelling cause for constant and unremitting vigilance in the affairs of the League. Belgium, Poland, or Jugoslavia hardly dares to absent itself from League meetings, but Argentina, Peru, or Costa Rica feels that it is losing nothing and risking nothing by staying away. Spain withdrew from the League, but soon returned; not so, Brazil. The fact is that most of the questions that have agitated the League have been matters of comparative indifference to Latin America. In the early years of the League's existence, the questions of Danzig, the Saar, the Greek refugees, might appeal to the sympathies and sense of justice of Latin Americans, but they did not affect their vital

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interests. Even in later years when the League's attention was given to problems of world importance, the interest of the Latin Americans was but mildly aroused. The limitation of armaments may be a matter of vital importance to the peace of the world generally, but it has little direct meaning for the Latin American nations which have insignificant armaments. Wars between Latin American countries would be impossible were the supply of armaments to belligerents cut at the source. The League attempted to bring this about last year, but was unsuccessful. The Latin American critics of the League set this down as a failure.

The lack of compelling reasons for constant attention to the work of the League is made evident in the kind of representatives sent to Geneva from Latin America. The European states, Japan (when a member), and the British Dominions are usually represented by their prime ministers or ministers of foreign affairs. With the exception of Brazil, Chile, Cuba, and Uruguay, the Latin American states usually, though not always, have been represented by their ministers at Paris or some other European capital. They were not generally outstanding personages and seldom contributed much to the discussion or solution of important questions. This method of representation has unquestionably been due partly to considerations of expense. The travel expenses of the representatives of most European countries in going to Geneva is negligible, but for delegates from Latin America it is very considerable. The smaller and poorer Latin American states have found their quotas to the League budget a considerable financial burden. That fact has caused them to make an unfavorable comparison between their quotas to the League of Nations and to the Pan American Union. For example, Cuba's contribution to the League is $47,599 as against $3,927 to the Union. Uruguay's allotment to the League is $37,021 as against $1,892 to the Union.[1] In consequence, many Latin American members of the League have been in constant arrears of payment and have had frequently to be reminded by Geneva that an international organization requires financial support in the same manner as a national government.

The disposition of most European governments to ratify agreements signed by their representatives at Geneva is in striking contrast to the indifference shown by most of the Latin American governments. The Protocol of Signature of the Perma-

[1] Budgets for 1929.

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nent Court of International Justice, in which the Latin American states expressed deep interest, dates back to 1920. Only nine member states have not yet ratified it; five of these are Latin American. The compromise on the question of compulsory jurisdiction for the Court resulting in the adoption of the Optional Clause has also not yet been ratified by seven Latin American states. Twelve Latin American states have as yet ratified none of the eight amendments to the Covenant for which their representatives voted. On the 80 conventions, agreements, and protocols drawn up under League auspices, up to date 1,545 ratifications have been received, of which only 164 are Latin American. The International Labor Office has drawn up 33 conventions which have received a total of 483 ratifications; but only 34 of these are from Latin American states. Thirteen Latin American states have ratified none at all. These delays are sometimes due to differences of opinion between the executive and legislative branches of the government; sometimes a different political party has come into control of the government between the signing of the convention and the proposal for ratification. But far more often the delay is due simply to inertia.

These facts have caused irritation among other members of the League, and the irritation has been strengthened by the great influence exerted by the Latin American bloc in the election of members to the non-permanent Council seats and even to the World Court. During the past decade there has existed a growing tendency towards regionalism in the League and this has strengthened the bloc principle. The members of the British Commonwealth of Nations form one bloc which can be fairly certain to cast seven votes in the Assembly for a measure which it favors, whenever the Irish Free State does not decide to pursue an independent course. France and her allies, Belgium and the Little Entente, form another bloc; and there are still others. But due to its size and cohesive nature, no bloc exerts an influence in elections comparable to the Latin American bloc. It decides in advance, and with little risk of reversal, which countries in Latin America shall be elected to the non-permanent Council seats. But its political manoeuvering would probably not have given offense had it not extended to elections to the World Court bench.

It would be a mistake, however, to suppose that the irritation mentioned above lessens the desire of the other member states to have Latin American nations as members of the League. Quite

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the contrary. Partly to meet the insistent demand of the Latin American states for greater representation in the personnel of the Secretariat — a demand which has not been very successful — the League has established a separate Latin American bureau within the Secretariat called "Liaison with Latin America." The object is to combat the lethargy that prevails in Latin American countries concerning the League, by diffusing information about the League and its activities. In 1927, the Council of the League authorized a Conference of Health Experts on Infant Mortality to be held in Montevideo, the first international conference to be held on Latin American soil under League auspices. League officials, including the Secretary General, have visited the Latin American countries in recent years with the object of increasing coöperation between the League and their governments. The League has, moreover, always been responsive to requests for technical assistance from Latin American countries. For example, in 1929 it acceded to a request from Bolivia for the assistance of the Health Committee of the League in the reorganization of the sanitary service of the country. At that moment Bolivia had been in arrears on the League budget quota since 1923.

IV

It can hardly be questioned that one of the motives animating some of the Latin American nations in joining the League was, as stated above, the belief that the new organization might act as a counterweight to the United States. In this they have been disappointed. The League has never given up the hope that the United States would some day become a member and it has not desired to sacrifice that possibility in order to support the cause of some small and troublous Caribbean state protesting against some action by the United States. During the League's first years of life the United States viewed with suspicion any appearance that the League was preparing to take a special interest in purely inter-American affairs. It was an unnecessary suspicion, for the League was aware of its weakness and had no intention of courting the ill will of the most powerful nation in the world. On the other hand, the United States made it plain to the Latin American nations that it would oppose any attempt to set up a regional branch of the League of Nations on the American hemisphere. At the Pan American Conference at Santiago in 1923, the suggestion of so good a friend of the United States as Presi-

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dent Brum of Uruguay, looking towards establishing an American League of Nations within the world League of Nations, was never brought up for consideration because of the opposition of the United States.

As the war receded into the background, the United States became more aware of its new place of power in world affairs. The belief began to weaken that the best way to keep Europe from interfering in the international politics of the Americas was for the United States to refuse to participate in the solution of European political problems. The United States became convinced that it had much to gain through coöperation with the League. Hence, the latent opposition to the League's taking an active interest in Latin American affairs gradually waned in the United States. This was made evident when the dispute between Paraguay and Bolivia about the Chaco broke out in 1928. The Council of the League called the attention of those two countries to their commitments under the Covenant. On the very day on which the cablegram from Geneva was sent to Bolivia and Paraguay, the International Conference of American States on Conciliation and Arbitration convened at Washington. All American states save Argentina were represented and the Argentine representative soon after took his seat. Acting in the traditional Pan American way of solving purely American problems by means of American agencies, the Conference appointed a committee to investigate the facts in the Chaco dispute and to try to reconcile the two disputants. No suggestion was made that the task should be delegated to the League of Nations. But at the same time no criticism of the League was made for the action it had taken in the dispute. On the contrary, appreciation was expressed in all countries, including the United States.

Every year saw the participation of the United States in League activities more intimate and its hesitancy to acquiesce in the League's becoming directly and actively interested in the affairs of the American hemisphere less evident. Hence, when the Leticia dispute between Peru and Colombia broke out in 1932 the United States was entirely content to have the League intervene to try to prevent a conflict of arms. A League Commission, which has an American member, is now at Rio Janeiro working on the problem. Another League Commission is now at Montevideo securing information about the Chaco dispute before visiting Asuncion and La Paz. The League will spare no effort to

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obtain some measure of success in the Chaco and Leticia disputes, for its future influence in South America is at stake. Its prestige received a blow as a result of the outcome of the Sino-Japanese affair of 1931–1932. The Latin American states have been the constant upholders of the rights of weak nations, and many Latin Americans regarded the incident as evidencing the League's impotence where a Great Power is in dispute with a weaker nation. Moreover, scepticism as to the League's influence has been recently increased by the withdrawal of Japan and Germany and the attacks of the Italian press.

As a result of the increasing disinclination to accept American leadership in international affairs, and of the growing scepticism regarding the power of the League to settle international disputes, the South American states are now looking to themselves for the settlement of their continent's problems. In this movement Argentina has been particularly active. Argentina is very proud of her remarkable progress during the past generation. She regards the leadership of Latin America as naturally falling to her, and sees herself as the protagonist of Latin America versus the United States. This attitude is not shared by the people of other Latin American states. In fact, nothing could be more mistaken than the belief that because a latent distrust of the United States exists in most of the Latin American countries it has led to the building up of anything like a unified bloc against the United States. Too many divisive influences exist. Moreover, the dislike of the United States held by many people in Argentina is paralleled by the dislike of Argentina held by many people in other countries of Latin America. They resent any attitude of superiority upon its part as much as they do any attitude of tutelage upon our part. Nevertheless, the recent visit of President Justo of Argentina to President Vargas of Brazil would seem to indicate that the Argentine foreign office believes it possible to organize the countries of the southern half of South America into a group under its leadership, for the consideration and solution of questions of mutual interest to them.

If such a movement succeeded the result would be a further dilution of Pan Americanism. That system is now founded largely upon sentiment — a weak reed in international affairs. President Roosevelt's statement that the American delegation to the Pan American Conference at Montevideo was not to discuss tariff or monetary problems, in which some of the most influential Latin

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American states are vitally interested, was a great disappointment. In the background at any Conference, too, whether or not they are smothered in the public sessions, must be several questions which cannot avoid causing bitter feeling — such as the Chaco and Leticia disputes, and the two billion dollars of debts owed by the Latin American governments to American citizens and upon which those governments have been compelled to default because of the economic depression. These handicaps on Pan Americanism might, however, be overcome if the United States were to make substantial concessions in the political sphere of the sort much desired by the whole of Latin America. This would be particularly true were the United States to propose that the common interest of all the American peoples in the Monroe Doctrine be given voice. That would require, first, a united statement that no non-American state shall under any condition gain territory in the American hemisphere or secure control of any government in the American hemisphere; second, that no American state shall secure territory within the sovereignty of another American state, even as a base for military or naval operation; and third, that each American state shall have the right to take measures to secure the observance of these provisions. Moreover, since the Latin American states are placing more and more emphasis upon the doctrine of sovereignty, if the United States felt able to state its willingness to renounce the Platt Amendment as soon as normal conditions are restored in Cuba, that declaration would greatly increase the friendly feeling which already has been created by the fact of our having avoided armed intervention during the present crisis. It is by such substantial measures that the Latin American countries expect President Roosevelt's policy of the "good neighbor" to be realized. Even as it is, however, the relations of the United States with the Latin American countries are upon a happier foundation than for many years past. The official attitude of the United States to the League of Nations is at present one of cordial and helpful coöperation. It is obvious that there is no ground for antagonism between Pan Americanism as the political principle of the western hemisphere and active coöperation with the League of Nations by all states of that hemisphere.

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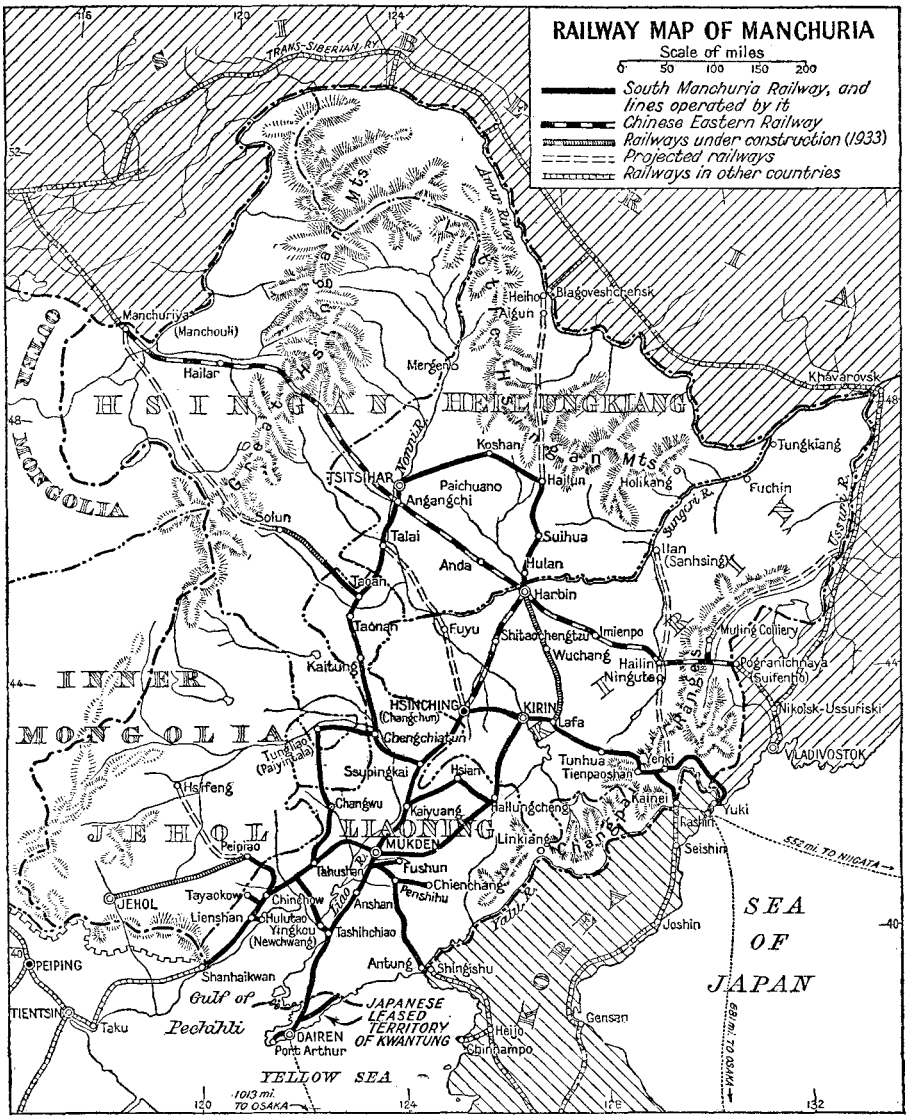

JAPAN'S RAILWAY CONTROL IN MANCHURIA

The above railway map shows the situation which has developed in Manchuria since Japan occupied the country and later set up the government of Manchukuo. Japan's purposes are revealed as twofold: one, to open up the country and tie it closely to Japan; two, to provide security for the new state of Manchukuo against outside attack, at the same time, perhaps, laying a basis for a counter-offensive through Manchuria in case of Russo-Japanese hostilities.

The line from the new capital of Hsinching to the Korean port of Yuki has been completed since the Japanese occupation of Manchuria in 1931. It greatly shortens the route to northern Japan; the haul from Hsinching to Osaka is reduced by 460 miles.

Three lines are now under construction: Peipiao-Jehol, Taoan-Solun and Lafa-Harbin. The latter parallels the southern branch of the Chinese Eastern and might be given up if the Russians sell their lines to Manchukuo. Several other lines are projected, all of strategic importance. Three (Solun-Manchouli, Hailun-Heiho, and that from the Muling Colliery to the Ussuri River) would cut the Trans-Siberian at strategic points. The line Peipiao-Hsifeng would open a way into Mongolia.

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JAPAN IN MANCHUKUO

By H. J. Timperley

IT is now over a year since Japan officially recognized Manchukuo, signing a protocol under which she agreed to cooperate with the new state in the maintenance of its national security. During this period, organized opposition to the establishment of the new government has been crushed; Japan has been able to consolidate her position and initiate plans for the development of the country in harmony with her own economic and strategic needs. Although it is too early yet to make confident predictions regarding the future, we may assess progress and examine the situation as it stands today. In view of the war-clouds still hanging over Manchuria this may not be a profitless task.

The first fact to be grasped is that Manchukuo has come to stay. Before long the Japanese may possibly find it expedient to bring about a change in the form of government from a nominal republic, as at present, to a limited monarchy, with Mr. Henry Pu Yi restored as Manchu Emperor; but nobody believes that the Japanese have the least intention of relaxing the firm control they now exercise over the country's destinies.

Manchukuo's vaunted independence exists only in the imagination of Japanese propagandists. As at present constituted, the Manchukuo "government" amounts to little more than a polite fiction invented to obscure the fact that Japan has gone in for imperialism in a big way. Japanese officials occupy the key positions in the Manchukuo administration and work under direction of the Kwantung Army, which in turn is subordinate, ostensibly at least, to the Japanese Imperial General Staff. Mr. Pu Yi and his team of Manchu and Chinese ministers, commonly spoken of in Manchuria as "the phantom cabinet," are entirely overshadowed by their so-called Japanese "advisers," who in fact constitute the country's real executive authority.

Last spring the Manchukuo Government adopted an economic program. It indicated the following basic policies and aims: 1. To prevent any one class from monopolizing the benefits arising from the exploitation of natural resources and from industrial development. 2. To exercise national control over important economic activities and to devise rationalization measures. 3.

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To observe "the principle of the Open Door and equal opportunity," to encourage the investment of foreign capital, and to utilize foreign technical skill and experience. In line with these governing principles the government has laid down definite plans for the economic organization of the country, for the development of industry, and for the construction of public utilities. Progress is being made in several directions.

One of the most notable developments has been the progress towards the establishment of financial order. Among the gravest scandals of the former Chinese régime was the way in which Chang Tso-lin and later on his son and successor, Chang Hsueh-liang, manipulated the currency for the purpose of bolstering up their private treasuries. It was done in this manner. Having acquired a virtual monopoly of Manchuria's foreign exports, notably the soya bean, they paid the Manchurian farmer for his produce with notes of their own manufacture, known as *fengpiao*. They then sold the produce to the foreign distributors for good money, which they pocketed. The emission of issue after issue of notes had the natural result of enormously lowering the value of the *fengpiao*. Faced with a situation similar to that which confronted the German Government in 1924 after the ruin of the old mark, the new Manchukuo Government made one of its first tasks the redemption of this paper currency at fixed rates of exchange. It is officially claimed that through the agency of the Central Bank of Manchukuo, established on June 15, 1932, with a capital of 30,000,000 Manchukuo yuan, the government by the end of last July had redeemed 60 percent of the outstanding paper issues. It is hoped that by the end of June 1934 the variegated forms of currency previously circulating throughout Manchuria will have been superseded entirely by the new currency unit known as the "Manchukuo yuan," based on the silver standard, which has already become a recognized medium of exchange. Though deplored by the exchange speculators, this much-needed reform is warmly welcomed by farmers and merchants throughout Manchuria, where it has done much already to encourage trade by eliminating the tremendous currency fluctuations which hampered the transaction of business under the old system.

But it is to railroad development that most interest attaches. For nearly thirty years Japan has been working steadily to adapt the Manchurian railroad system to her own economic and strategic requirements. Her efforts in this direction have brought

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her into frequent collision with the rival aspirations of the Chinese on the one hand and the Russians on the other. Attempts by the late Chang Tso-lin to build lines in competition with the Japanese-owned South Manchuria Railroad, and his refusal to build others linking up the Manchurian and Japanese systems, were major factors in precipitating the recent Sino-Japanese conflict. Since Manchukuo was established Japan finds herself in a position to proceed unhampered by Chinese opposition. She has also shown an increasing disregard of Russian interests.

The publicly announced plans of Manchukuo provide for the construction of 4,000 kilometers of new lines within ten years. The first new railroad to be completed since the Japanese army assumed virtual control of Manchuria in September 1931, is a stretch of about 200 kilometers from Tunhua to the Korean border (see railway map on page 294). This line, opened for traffic in August last, will connect with the new port of Rashin, now under construction on the Korean coast, and by joining up with the Korean railroads will provide a more direct communication between Japan and Manchuria. The Chinese refusal to sanction the completion of this railroad did much to quicken Japanese impatience with the former Manchurian régime. Another new line, due for completion by the end of 1933, will give access to the fertile country lying north of the Chinese Eastern Railway. This is the line now being built from Lafa, some 50 kilometers westward of Tunhua, to Harbin, where it will connect with the Hulan-Hailin-Koshan-Tsitsihar line. When it has been completed, and when the new bridge now being built simultaneously across the Sungari River has been finished, trains which are at present compelled to trans-ship their goods at Harbin will be enabled to carry their inland freight direct to the Korean coast. Construction has also been started on another line running northward from Yenki, about 60 kilometers eastward of Tunhua, through Hailin to Sanhsing, an important soya bean center on the Sungari. This railroad (which will take several years to complete) will tap additional regions, the products of which can then be brought down to ports on the Korean coast. Japanese railroad officials claim that these various improvements in their system will have the effect of reducing the Chinese Eastern to the status of a branch line. It is significant that by the completion of the line from Changchun to the Korean border the haul from Osaka to Harbin has been reduced from 2,800 kilometers (via the old Dairen route)

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to 2,060 (via northern Korea), a saving of 740 kilometers. Plans are now under way in Japan to establish a new steamship line from the Japanese port of Niigata to Rashin or Yuki, on the Korean coast, making possible a saving of two days in the journey from Tokyo to Harbin.

The contracts for the construction of the new railroads have been given exclusively to the Japanese-owned South Manchuria Railroad Company, which also has been entrusted with the management of the existing system. According to Mr. Michio Izawa, vice-director of the general railroad directorate established at Mukden on March 1, 1933, the policy to be followed in the management of the railroads will be: 1. To promote coöperation between Japan and Manchukuo for defense purposes under the Manchukuo-Japan protocol. 2. To reorganize the railways on an efficient basis, eliminating futile competition. 3. To ensure repayment of existing indebtedness to Japanese interests (notably the South Manchuria Railway), totalling 130,000,000 gold yen, and of loans made in respect of railroads now under construction or the construction of which is pending. Already considerable headway has been made in the rationalization of the 6,000-kilometer system. A through train and ticket service has been established. It is expected that the nine varying freight schedules will have been unified by the end of the present year. It is safe to predict that before long, provided the bandit menace can be removed, the South Manchuria Railway will have the Manchukuo railway system operating with a degree of efficiency inconceivable under the former régime.

Rashin is destined to become the main outlet on the Korean coast, and to that end elaborate harbor construction has already started there. It is estimated that within four years Rashin will be able to handle 3,000,000 tons of cargo annually, and 9,000,000 tons within ten years. Owing to the lack of natural land facilities the development of the port is likely to prove a costly undertaking, and the expenditure of 30,000,000 yen will be required during the first four years. Part of this sum will be absorbed in the building of 15 kilometers of railroad from Rashin up to Yuki, including the construction of a tunnel more than 4 kilometers long which will be the largest in the Far East. Pending the opening up of Rashin, cargo is to be handled through the nearby Korean ports of Seishin, with a capacity of 1,000,000 tons annually, and Yuki, with a capacity of 400,000 tons. It is conceded that Rashin, when

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completed, will compete to some extent with the Japanese-controlled port of Dairen, in the Kwantung leased territory, but it is felt that there should be room for both. The fate of Hulutao on the Pechihli Gulf, where a Dutch firm had begun the construction of a harbor for the former Chinese régime, remains undecided. Work ceased there some time ago and will be resumed, it is officially stated, "if traffic justifies the opening up of the port."

The Manchukuo Government's road-building program, which calls for the completion of 4,000 kilometers by June 1934, appears to be getting under way rather slowly, but highways connecting Mukden and Fushun, Jehol and Peipiao, Hsinching and Kirin, and Taonan and Solun have been started. Regular daily air services are already operating between the principal Manchukuo cities, and extensions are planned.

Steps have been taken also to bring the communications system under unified control. Details have been given out officially in Tokyo of a merger of the Manchukuo telegraph, telephone and radio services, a semi-official company having been formed to take over the systems hitherto operated separately by the Manchukuo Government and the Japanese Government-General of the Kwantung leased territory. The new company, the majority shares of which are held by the Japanese and Manchukuo Governments and the remainder confined to their respective citizens, is capitalized at 50,000,000 yen. Government supervision and control are provided for in the articles of association, and dividends are restricted. In reporting the merger, Tokyo press dispatches pointed out that it illustrates the methods of state capitalism or national socialism by which the Japanese, in developing Manchukuo, expect to combine the advantages of public ownership and private management.

In the field of industrial development the lead is being taken by the semi-official South Manchuria Railway Company, half of the capital stock of which is owned by the Japanese Government. In order to obtain funds for the economic exploitation of Manchukuo the company has recently increased its capital from 440,000,000 yen to 800,000,000 yen. The funds raised by the sale of this stock in the Japanese market will be absorbed largely by railway and harbor construction projects but will be used also for subsidiary enterprises of an industrial character. The company's plans embrace an iron and steel plant at Anshan, a chemical works at Dairen capable of producing 180,000 tons of ammonia

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sulphate annually, and an oil-refining plant, also at Dairen. According to the official Manchukuo News Service, additional new enterprises to be launched privately under joint Japanese-Manchukuo management include the Manchuria Collieries Company (which is to form a merger of all Manchukuo collieries except the large open-cut colliery operated by the South Manchuria Railway at Fushun), and the Manchuria Electric Company, which is to undertake large-scale industrial enterprises throughout Manchukuo.

There is little indication so far of any serious intention to encourage the participation of foreign capital other than Japanese in the development of the country, despite the Manchukuo Government's declaration that "in the work of unlocking resources and encouraging industries the principle of the Open Door and equal opportunity will be observed." Mention of the "Open Door" in this connection elicits in most foreign quarters in Manchuria the ironic comment that "the door may be open but there are too many Japanese crowding the threshold for anybody else to be able to get even a look-in." Manchukuo officials when pressed for information on the point were unable to suggest where, for instance, an American capitalist with a million dollars to invest might find a suitable opening. It was hinted that something might perhaps be done in coöperation with the South Manchuria Railway Company, but that organization so far has revealed no anxiety to share its opportunities with outsiders.

It is to be expected that for the time being the implementation of the economic program will stimulate foreign imports such as automobiles, motor trucks, heavy machinery for road-making, etc., but the general outlook for foreign trade, except with Japan, is not regarded in Manchuria as being particularly promising. Government supplies are purchased from Japan wherever possible and railway material mostly is made on the spot in the well-equipped workshops of the South Manchuria Railway Company. Virtually the whole of the trade in cotton goods has passed into the hands of the Japanese, who have gradually edged out the British from this field. Shops in the principal Manchukuo cities are crammed with cheap Japanese goods, offered for sale at prices with which the American or British exporter cannot hope to compete. There is a good deal in the Japanese contention that economic rather than political factors have been responsible for the preferred position of Japanese merchandise, as Japanese

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traders obviously enjoy many natural advantages in addition to the low exchange value of the yen. But the complaint is made by foreign merchants in Mukden, Newchwang and elsewhere that they have also had to contend with unfair business methods. Goods have been smuggled in large quantities across the border of the Kwantung leased territory from Dairen, which is a free port under Japanese control. Also, it is alleged, Japanese dealers have imported huge stocks of piece goods into Manchukuo through the Japanese parcels post, thereby evading payment of duty.

Most of the larger foreign corporations, such as the Standard Oil Company and the British-American Tobacco Company, report good business at present but are wondering how long it will last. The oil companies view with apprehension the prospect of a Japanese plant being erected in the near future at Dairen to refine crude oil imported from abroad. According to South Manchuria Railroad officials, the capacity of the plant will be limited to about one-fifth of Manchuria's total requirements, leaving plenty of room for the foreign companies to continue their operations; but it is feared that this may prove to be merely the thin end of the wedge. The British-American Tobacco Company, also, faces the possibility of the establishment of a tobacco monopoly by the Manchukuo Government.

So much for economic problems. They are important; but those in the political and strategic realm are even more so. Japan's task is twofold: to pacify the country, and to attain security against outside interference. For the next few years the administration of Manchukuo must remain largely a military problem; every effort will have to be bent to the task of suppressing banditry and establishing order. The prevailing lawlessness constitutes the chief obstacle to the stability which is so necessary for the success of Japan's great imperial enterprise. It is claimed officially by the Japanese military authorities that the disbanded Chinese soldiers, common bandits and other lawless elements battening on the Manchurian countryside have been reduced within a year from a quarter of a million to about 60,000 and that the majority of the latter will become peaceful citizens as the economic position improves. Observers who have studied the bandit situation at close quarters dispute the Japanese figures. They estimate that not less than 40 percent of the agricultural land along the main railroads remains uncultivated owing to

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bandit activities and that it will take two or three years before conditions are brought even to the unsatisfactory pre-Manchukuo level. Japanese military experts have admitted in private that they will require at least a decade to get the situation thoroughly in hand.

An equally difficult task confronting the Japanese is to win over the native population to acceptance of the new régime. Here they will have to contend less with active opposition, which appears negligible at present, than with a deep-seated distrust that only time and tactful handling can remove. It is probable that if within a reasonable period Japan can assure security of life and property and give freedom from oppressive taxation, the peasant, who forms the backbone of the Manchurian social structure, will tolerate the presence of the invader just as the Chinese accepted for centuries the domination of the Manchus. Stabilization of the currency and improved communications can hardly fail to bring a measure of prosperity in their train — and as a rule prosperity counts for more among the Chinese than the promise of political independence. Even if Japan were to become involved in a major conflict with another Power it is improbable that China would make any serious attempt to recover the territory by armed intervention, nor is it likely that any insurgent movement from within could gain sufficient strength to cause an upset. Hence, the state of Manchukuo, for better or for worse, must be regarded as having come to stay, and sooner or later the question of recognition will have to be considered. At present this issue remains in abeyance, the majority of Manchukuo and Japanese officials holding the view that there is no great hurry about the matter and that it might indeed be embarrassing to be saddled with international responsibilities during the stage of incubation.

The problem of security is a problem of Russo-Japanese relations, for it is from Russia that any threat to the consolidation of Japan's position on the mainland is most likely to come. Within recent months political observers have begun to study seriously the chances of an armed clash between these two countries, each of which has an important stake in the Far East beyond its own borders. In Harbin, merchants have actually gone to the length of cancelling contracts owing to the fear that hostilities might break out. One of the best-informed consular observers in Harbin summed up the situation to the writer in this way: "With the establishment of the new state under Japanese

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military protection, Manchuria no longer serves as a buffer between Japan and Russia, which now face each other along an extended frontier. Moscow clearly is not looking for war and it is open to doubt whether Tokyo is — at least for the present. But the White Russian element in Harbin is doing its utmost by propaganda and intrigue to stir up trouble between the two countries, and the danger, as we see it here, is that some of the local Japanese commanders, several of whom are married to White Russian women, may be egged on to start the ball rolling."

The prospect of an armed conflict with Russia is undoubtedly the prime motive which is impelling the Japanese to push rapidly ahead with railroad construction in Manchukuo, though this development is calculated at the same time to bring prosperity to the country by opening up fertile areas which at present remain unsettled. When the Lafa-Harbin railroad is completed at the end of this year the Japanese will have direct transit from the Korean coast to Tsitsihar without using the Chinese Eastern Railroad and they will be in a position to rush troops into North Manchuria with a considerable saving of time as compared with the present route via Antung. Other projected lines with an obvious strategic significance include one connecting Taonan with Solun in the west in order to give Japan a foothold in Mongolia, and one running northward from the Hailun-Koshan line to Heiho with the evident purpose of giving the Japanese military access to the Russian frontier at a vulnerable point.

Whether these railroads in their military aspect are intended for use offensively or defensively is a matter for speculation, but the likelihood that their construction foreshadows an attempt to seize Vladivostok and the Maritime Province has by no means been overlooked in Moscow. Soviet officials concede that two years ago, or even less, this region might have been Japan's for the taking. Since then, however, Russia has built up in the Far East an efficient, well-supplied army and a still more formidable air force capable of bombing Japan's large industrial cities. The Soviet authorities, while emphasizing the defensive character of those measures, appear supremely confident of their effectiveness. Commenting on persistent reports of military concentrations along the Manchurian frontiers, Soviet spokesmen have admitted that Russia's Far Eastern defenses have been strengthened considerably. "In the event of hostilities," press dispatches quote one official as saying, "the Soviet military establishment will present

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both offensive and defensive surprises, especially in connection with aviation, as well as our land and sea defenses at Vladivostok."

The great imponderable in the situation is the attitude of the Japanese military authorities. Are they content with the occupation of Manchuria or do they plan further conquests? There are indications that the extreme imperialists within the Japanese army have very definite ideas about the desirability of adding the Maritime Province, including Vladivostok, and Northern Saghalien to the Japanese Empire. This would give the Japanese complete control of the Sea of Japan. Soviet naval activity would be practically eliminated and the frontier would be pushed so far back from the coastline that aerial threats to Japan would be greatly lessened. Some of these Japanese extremists would go further, as far as Kamchatka and the shores of the Okhotsk Sea, shutting off Russia entirely from the Pacific, turning the Okhotsk Sea into another Japanese lake and thereby putting an end to the constant bickering over fishing rights in northern waters. But it is doubtful how far the influence of this group extends, even in the army, and up to the present there is little evidence that the nation as a whole would be greatly interested in a campaign to acquire territory from Russia. Such an enterprise would lack the sentimental background which enabled the Japanese army to drum up public support for the Manchurian adventure. On the other hand, we must not forget that the Japanese people have been made highly susceptible to propaganda. It is not inconceivable that they could be thrown into a frenzy of patriotic excitement over the righteous justification of a campaign to carry the Rising Sun to the shores of Lake Baikal.

Other potential springs of a Russo-Japanese war just as likely to become effective as any appetite for territory to the north of Manchuria are to be found in the pressure now being quietly applied to Russia by Japan in the direction of Mongolia. There is a very lively interest in Japan, commercial as well as military, in both Inner and Outer Mongolia. Japanese exploration parties, including gold and oil prospectors, are working westward from Jehol and western Heilungkiang, while Japanese political agents are busily engaged in endeavoring to persuade the Mongols that Manchukuo is the friend and not Moscow. The Soviet's policy of keeping Outer Mongolia hermetically sealed to the rest of the world is resented by the Japanese and it is conceivable that

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sooner or later some combination of the various elements involved will bring Japan into conflict with the Soviet interest in this region. The Russians would then find themselves called upon to yield or fight.

The Japanese military see as plainly as anyone else that, granting war to be inevitable, it would be to Japan's advantage to strike before Russia has reached the degree of industrial development envisaged by her second five-year plan. But there are other factors to be taken into account. In the opinion of military experts, Japan would be foolhardy to precipitate hostilities against Russia until she has swept the Manchurian railroads clear of bandits. Otherwise her main lines of communication would be constantly menaced. Furthermore, the Japanese army is in the midst of two major programs which clearly are intended to improve her military position vis-à-vis the Soviet. First is that of modernizing and perfecting the organization and equipment of the army so as to enable a well-found force of one million men to take the field within a few weeks. This program is planned to be finished about 1936. The second is the program of railway building which, as already pointed out, is designed to facilitate the transportation of troops into North Manchuria, and which also will take some time to complete. On balance, while we cannot exclude the possibility that increasing Russo-Japanese tension may any day lead to an armed conflict, it would seem more likely that major hostilities will be deferred at least for two or three years. But it is only with a very big question-mark that we can leave this, the really big problem in the new Manchuria.

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DOLLFUSS AND THE FUTURE OF AUSTRIA

By John Gunther

VIRTUALLY unknown two years ago, Dr. Engelbert Dollfuss has become the political darling of Western Europe. Two years ago you might have seen him in the chambers of the Austrian parliament which he subsequently killed — his cherubic little face gleaming, his small, sturdy fists a-flutter — and wondered what sort of career awaited a politician so personally inconspicuous. This year London and Geneva as well as Vienna have done him homage. Whence this sudden and dramatic rise? Partly it derives from his personal qualities, which are considerable; partly it is because events made him Europe's first bulwark against Hitler, a sort of Nazi giant-killer. And stature came to him paradoxically because he is four feet eleven inches high.

Dollfuss was born a peasant and with belief in God. These two facts are paramount in his character. They have contributed much to his popularity, because Austria is three-fifths peasant, with a population 93 percent Roman Catholic. Much of his personal charm and force comes from his extreme simplicity of manner; his modesty and directness amount almost to naïveté. Here is no iron statue like Mustapha Kemal, no fanatic evangelist like Hitler. A foreigner approaching Dollfuss with a compliment will hear a broad farmer's accent in reply, "*Ach . . . aber gehen Sie . . .*" ("Oh, go on . . .") His speeches are extraordinarily unsophisticated. He listens to speeches of other members of his cabinet, like Dr. Buresch, the Finance Minister, with the respectful attention of a child in school. When he speaks himself, he is tense, awkward, overworked, sincere. There is no pomp or cant in him. He enjoys jokes about his size. And his deep religious faith gives him something of the curious innocence of old, wise priests, an innocence as impregnable to the wiles of adversaries as the most glittering sophistication.

His smallness, too, makes him popular. Affection seems to come easily for anyone four feet eleven. Let no one, however, mistake this "Millimetternich" for a weakling. When he took office people laughed at him, gently, because he was so small; they had forgotten the good old story of David and Goliath. Yet Dollfuss

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does not rely primarily on cleverness. He is not clever in the way that the other Metternich was clever. He is small, rubbery, tough, and strong. He is tiny physically, but not a dwarf. His smallness is shapely; all the features, diminutive, are well-formed.

Dollfuss was born in Texing, a hamlet in Lower Austria about 80 miles from Vienna, on October 4, 1892. Thus he is the youngest as well as the littlest of the dictators. His mother and brothers still cultivate the soil on the farm where he was born. He worked his way through school, studied law at the University of Vienna, and went to Berlin as a graduate student in economics. The war came and he served three years at the front. He went in a private and left a first lieutenant, no mean feat in the old army. After the war he entered Austrian politics.

This means that he had to swim thereafter in one of the most confused and confusing whirlpools Central Europe knows. The Austrians, a gentle and civilized people, are almost unique in that they deplore aggressive nationalism. The Austrian does not think that he is better than anyone else, he sometimes wonders if he is as good; his political nature is skeptical, lazy, and fatalistic; he thinks of the irridentism of Hungary or the chauvinism of Germany as simply ill-bred. But this scorn of international ballyhoo serves to intensify political strife at home. The Austrians use all their energy on fellow Austrians. Seldom with bloodshed. The Austrians abhor bloodshed. Otherwise the country would have succumbed to civil war long ago. The Austrians simply talk, talk, talk, and then compromise. The main opposing factors in the civil struggle have been the reactionary peasants of the Catholic hinterland and the Social Democrats, progressive and agnostic, concentrated in their Marxist citadel, Vienna. Austrian history for ten years has been a tug of war, religious and economic as well as political, between these highly competitive and mutually exclusive forces.

Dollfuss became, naturally, a member of the Christian Social party, led by that astute cleric, Monsignor Ignaz Seipel. He was interested mostly in farming and he organized a peasant's league in Lower Austria. By 1927 he was director of the Lower Austrian Agrarian Chamber. He became a deputy. The federal railways needed an agricultural expert and he joined its administrative council. In October 1930 he took over the presidency of the railways. But he was still a more or less obscure figure. In March 1931 he got a cabinet post as Minister of Agriculture. A year later an

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exasperating cabinet crisis provoked the resignation of the minority Christian Social government of Dr. Buresch. Dollfuss was unexpectedly called to form a new government. The legend is that he prayed all night before accepting. He did accept, and on May 20, 1932, formed a coalition which commanded a majority of exactly one in the *Nationalrat*, the lower chamber of parliament.[1]

No one thought he would last long. He was simply another Christian Social lamb led to Social Democrat slaughter. But fate was on his side. The immediate issue was ratification of the Lausanne Loan which was to bring 300,000,000 schillings to hard-pressed Austria. The Social Democrats and Pan-Germans opposed ratification because — this seems quaint today — the protocol contained a provision forbidding Austria to jeopardize its independence by union with another country, *e.g.* Germany. Dollfuss wanted the loan ratified. Here enter two main factors in the story: (1) his luck, (2) his sense of drama. On August 3 a motion of censure faced him. Early that morning Dr. Seipel died. Dollfuss promptly swore in a successor and dragooned every member of his coalition, sick or well, into the chamber. One deputy was carried in by three comrades, another tottered up on crutches, and two others came direct from hospitals swathed in bandages. The censure motion was defeated, by one vote. Dollfuss won. And by such unconventional, even tyrannical behavior! — exclaimed the Austrians, shocked and impressed. Then on August 17 the ratification came up. Dollfuss won again, and again by one vote. The missing adversary was the former Chancellor Dr. Schober — who had died the night before.

During the next few months almost all his work was in economics and finance. He cleared up the wreckage of the Credit Anstalt, the great Austrian bank which had crashed the year before. He set about stringent reforms in the civil service and railroad administration. He sought to thaw the frozen trade of Central Europe by relaxing currency restrictions and negotiating clearing treaties. He uneasily maintained his shaky coalition. Europe first heard his voice in January. An Italian arms com-

[1] The party line-up was the following:

Dollfuss coalition:	
Christian Socials	66
Heimwehr	8
Landbund	9
Total	83

Opposition:	
Social Democrats	72
Pan-Germans	10
Total	82

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pany smuggled 50,000 rifles and 200 machine guns to Hungary, with the Austrian town Hirtenberg as relay point. News of this secret and illegal operation leaked out and the Powers protested. The French and the British demanded not only the return of the arms but a statement on oath proving that they had recrossed the frontier. Dollfuss agreed to return the arms but flatly refused to give any sworn statement as requested. The Franco-British demand was, he said, an insult to the honor of a sovereign nation. The Powers climbed down. Dollfuss's prestige went up.

On March 4, 1933, the Austrian parliament committed suicide. In a squabble, marvelously Austrian, about whether or not a certain deputy had improperly voted, the speaker, the Social Democrat Dr. Renner, lost his temper and resigned. The two deputy speakers lost their heads and resigned too. This left the *Nationalrat* without a chairman, and, legally, it could not reconstitute itself, because by law only a speaker or deputy-speaker can call a session. It was a ridiculous little contretemps, but it ended parliamentarism in Austria. Dollfuss pounced on his opportunity. He resigned office (having learned the good political lesson never to offer resignation except when you are indispensable) and was reappointed with emergency powers. On March 7 a flood of decrees deluged Austria. Dr. Dollfuss had begun his march to dictatorship.

II

Meantime, enormous and foreboding, the shadow of Adolf Hitler was falling over Austria. The Austrian people are German; the two countries are contiguous; the Nazi triumph in Berlin was bound to produce echoes of emulation in Vienna. The last general election in Austria, in November 1930, had given the Nazis not a single seat. Naziism was not indigenous to the skeptical, civilized soil of Austria. But it grew. Provincial elections in April 1932 gave the Nazis 16 percent of the vote in Vienna, 18 percent in Lower Austria, 22 percent in Salzburg. By the time Hitler became German Chancellor, Nazi leaders in Austria (and agitators imported from Germany) were shouting defamations of Dollfuss, claiming Austria as part of Nazi Germany.

The Nazis in Berlin want the *Gleichschaltung* (assimilation) of Austria largely because their Pan-German tenets do not hold water so long as 6,500,000 Austrian Germans sneer at the swastika instead of worshipping it. Union of Austria with Germany is

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a cardinal point in Nazi doctrine. Hitler himself is an Austrian. Hitlerite Germany badly needed a triumph in foreign policy. The offensive against Austria would serve to cloak discontent at home. For these and other reasons the onslaught began, and Dollfuss was jerked by Hitler, his enemy, into international celebrity. And the rage of the Nazis when he refused to lie down and be eaten, when he insisted on the right of Austria to remain independent, precipitated a grave European crisis.

Had the Nazis behaved less stupidly Austria might very well have fallen into their lap. Dollfuss might easily have been manœuvred into elections, which the Nazis could have won. The biggest Nazi card was Austrian defeatism; the Austrians don't like to fight and their attitude in early spring was more or less, "Oh well, if the Germans want us so badly, why not?" And Dollfuss, precariously juggling his majority, was in constant danger of sabotage and betrayal by jealous partisans. Any party leader might sell him out to spite the others. Moreover, he was fighting not only the Germans outside the country but perhaps a quarter of his own people. But instead of biding their time the Nazis began an extraordinary campaign of terrorism and violence. This served to challenge Austria to stand on her own feet, awoke dormant Austrian patriotism, and rallied many lukewarm citizens to the Dollfuss banner. Two years before, even the Social Democrat party was firmly pro-*Anschluss*. Now it is the opposite. Reason: the Hitler terror.

The list of acts of Nazi violence in Austria during the spring and summer is a long one, too long to print. Shootings, intimidations, assaults, bombings, slanders and libels, were of daily occurrence. Dr. Dollfuss fought back. On May Day he forbade the usual Social Democrat celebrations and to the amazement of the populace filled the Ring with troops and barbed wire — as a show of force against the Nazis. On May 16, the Bavarian Minister of Justice, visiting Austria on a propaganda tour, was expelled. The Germans retaliated by imposing a 1000-mark fine on German tourists to Austria, a serious blow to the Austrian tourist traffic; Dollfuss retaliated by closing all the Brown Houses in Austria, forbidding the Nazi uniform, and arresting some hundreds of Nazi agitators. His luck kept with him. In Berlin the Austrian press attaché, Dr. Wasserbaeck, was arrested and expelled. This happened the night before Dollfuss was to address the London Economic Conference. The incident dramatized his

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appearance and he got a great ovation. The Nazis countered with more violence. On June 20 Dollfuss decided that enough was enough and outlawed the Nazi party.

And then began a war, one of the queerest wars ever known anywhere, a war fought bloodlessly (except for casualties in minor border frays) but a war nevertheless. The Nazis invaded Austria. They crossed the frontier — through the air. Their planes dropped propaganda leaflets; their radio station in Munich hurled speeches. The first broadcast was on July 16, the first pamphlet raid on July 25. Throughout the following weeks the tension increased until the Great Powers found it intolerable; first Dollfuss was given permission to increase his army by 8,000 men to full treaty strength; then France, Britain and Italy protested in Berlin. The Germans gave an evasive answer. The airplane raids stopped, but the broadcast raids went on and violence in Austria increased. Things looked dark for Dollfuss.

III

But presently the tide turned. Dollfuss went to Italy to visit Mussolini, his third talk with him in the year, and returned with a promise of Italian support in his pocket. Mussolini does not want Austria to go Nazi. This would in effect bring Germany to the Brenner pass and almost to Trieste. There are 200,000 Germans in the South Tyrol and the further Germany is away from them the better Mussolini likes it.

At home Dollfuss turned from defense to attack. He sought to build up something concrete and positive in Austria as an alternative to Naziism, and so created what he called the Fatherland Front. This was not to be a party. It was to be an organization, a movement rather, above parties, which the parties might join. Its program — bold indeed for Austria — was unification of the country on a patriotic basis.

Dollfuss was moved to this step by the gradual realization that the party system in Austria as elsewhere in Central Europe was breaking down, while bitter partisan rivalries between individual leaders was meanwhile becoming more and more intense. Even the Social Democrats, ossified at the top, were disintegrating below. Some young socialists joined the Nazis. The Nazis flirted with the socialists hoping to incite them to a general strike. The socialists did not fall into this trap, and indeed informally offered Dollfuss a coalition instead. Dollfuss turned them down. His

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excuse was that if he allied himself with the Marxists he would lose his own right wing, the Heimwehr, to the Nazis. Even so the socialists tolerated Dollfuss, even passively supported him; they knew that he was their own best defense against the Nazis. Party lines began to lose their significance. A young man named Schwaninger, for instance, was killed in a Nazi frontier raid near Kufstein; he was a member of a Heimwehr patrol and the Heimwehr gave him an imposing martyr's funeral. Actually, he was a Social Democrat. But after his death the Heimwehr preferred to conceal this and the Social Democrats did not claim him. Again, in Styria, a serious strike broke out in the steel works of the Alpine-Montan Gesellschaft, the biggest industrial company in Austria. The Social Democrat workmen there were persuaded by Nazi agitators, obeying orders from Berlin where the company is partly owned, to down their tools. The government stepped in, sided with the workers, raised their wages, and installed a commisar to run the company. Meantime, the Styrian Heimwehr had gone Nazi. Confusion mounted on confusion. Christian Social officials in Carinthia, where the Nazis were especially strong (possibly because Carinthia is the Austrian province furthest away from Germany), used Social Democrats as bodyguards. There was, finally, an unwritten understanding that the socialist general staff would support the government with their private armed forces if the Nazis, now reaching the crest of their strength, invaded Austria and attempted to capture Linz or Salzburg.

Dollfuss, alarmed by these imtimations of party chaos, nursed his Fatherland Front carefully for a few months. Then, choosing his moment well, he called a huge meeting for September 11, the 250th anniversary of the delivery of Vienna from the Turks, and the 500th of the erection of St. Stephen's Cathedral. Ostensibly the meeting was to be the high point in the campaign against the Nazis. Dollfuss announced also that he would use the occasion to outline the future policy of the government. He did, very thoroughly. He sounded the death of the old party system. And he virtually overthrew the Austrian constitution. Passages from the speech are worth quotation in full:

> The time of the old, liberal capitalistic thought is over, the time of the old, liberal ordering of society; the time of Marxist leading and misleading (*führen* and *verführen*) of the people, and of parties and party bossing, is over. . . . But the government will not go in for *Gleichschaltung* or terror. . . . We will

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create a social, Christian, German state of Austria on *Staendische* foundations with a strong authoritative leadership. . . . In the fight against Marxism the government will never take away the rights of the workers.

The government was restrained only by its German-ness from taking the steps to protect Austrian honor and independence (*i.e.* against the Nazis) which it would have taken against any other country long ago. Even if Austria is small and poor, it has a right to its honor.

The speech produced cries of resentment from two supporters of the government, each of whom interpreted it in different ways. Vice-Chancellor Winkler, the leader of the *Landbund* and organizer of a National Front of his own, attacked "Austro-Fascism" and warned Dollfuss that the new system must be democratic. Young Prince Starhemberg, titular leader of the Heimwehr, decided that Dollfuss had gone entirely Fascist and threatened to boycott the Fatherland Front if he hadn't. Dollfuss acted with energy and precision. On September 21, with the schism getting daily more serious, he reorganized his cabinet. He eased Winkler out, removed General Vaugoin from the war ministry, which he had held for twelve years, and made him instead president of the railways; withdrew Major Fey from headship of the police; cajoled Starhemberg into allegiance; and himself took five portfolios. The little Chancellor, be it noted, saw to it that the police, army and Heimwehr — the legal armed forces of the country — were all three delivered into his hands. The episode is remarkable in that Dollfuss used neither force nor threats. The day before people in the coffee houses had been asking what would be the result of the crisis; they laughed and said, "Oh, as usual, a compromise." But there was no compromise. Dollfuss, with his earnest voice and innocent eyes, asked for power, and power was given him. Without a murmur, like hypnotized sheep, Vaugoin handed over the army, Winkler the Vice-Chancellorship, and Fey the police. The Heimwehr and the Christian Social Party then formally entered the Fatherland Front. Old General Vaugoin started work on the railroads as if he were re-tackling the army organization which he had begun twelve years ago. Dollfuss has an amazing power over his close associates. His friends in the government regard him as the Hebrew judges regarded the infant Samuel.

The Nazi attack seemed meantime to have burned itself out. No one can be sure; by the time this article is in print Dollfuss may be in exile or a prisoner in a Nazi concentration camp; but at the end of autumn he seemed fairly safe. The Germans, having

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left the Disarmament Conference, for the moment had bigger game than Austria to watch; and the fact that their November 12 elections were fought on an incredible, almost grotesque, "appeal to peace," made frontal onslaughts on Austria difficult. And of course the attempt of a young Nazi to assassinate Dollfuss helped him enormously. His luck again! A button deflected the bullet; and the bullet deflected a crisis. The campaign for an internal loan was just getting under way, and his escape from death inevitably dramatized it into a considerable success.

So Dollfuss stood in the autumn. He had a breathing spell. What next?

IV

The first job was to write and promulgate the new constitution.

The Russians gave the word "Soviet" to the world, Italy and Germany contributed respectively "Fascismo" and "Nazi." In the same way we may have to learn to use a uniquely Austrian word to express the basis of the projected Austrian system, "*Staendische*." Untranslatable literally, it means something between "corporative" and "guild." The idea is borrowed from a Papal Encyclical, the *Quadragesimo Anno* of 1931, wherein the Pope pleaded for the end of social strife and urged the adoption of a corporative organization of society as a cure for class war. Obviously it will follow closely Catholic principles and Italian Fascism; but it is not identical with the Mussolini system.

Details of the constitution are not yet ready, but it appears that industries, trades, and professions will be required to organize themselves on a guild basis. Employers and employees alike are to join the guilds. Each guild will have representation in a corporative chamber, the *Staendehaus*. Members will not be elected by general franchise but appointed by the local guild units. Class organizations, like the trade unions and federations of industry, if not actually dissolved, will be stripped of power. The government of the state will be multi-cameral. The *Nationalrat* is to be reorganized, according to present plans, as a *Volkshaus* with about 75 members instead of 165. They will probably be elected on modified party lines. The upper house, the *Bundesrat*, will, as at present, represent the federal provinces, but apparently in the form of a small federal council instead of a large assembly. Above *Staendehaus*, *Volkshaus*, and the reformed *Bundesrat* is to be a new council of state of about 20 members, apparently to be

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chosen by the President of the Republic to represent expert opinion in finance, agriculture and industry. These plans may change; indeed, daily reports bring conflicting versions of the project. And the scheme can hardly be put into operation for some months at least.

Meantime Dollfuss has a second job. He has to deal somehow with the Social Democrats.

Dollfuss is no friend of Viennese Social Democracy. From the beginning he announced that he would steer a center course, devoted equally to attack on the socialists to his left and on the Nazis to his right. As far back as April the socialist defense force, the *Schutzbund*, was (theoretically) dissolved. Recently the assault grew warmer. The special financial privileges of Vienna were curtailed. The *Arbeiter Zeitung*, the chief socialist newspaper, labors under a cruel censorship. Socialist workers on the railways, who number 85 percent of the personnel, have been ordered to join the Fatherland Front on pain of losing their jobs.[2] Socialist parades, meetings, and speeches are forbidden. This is all bad enough, but worse may come. "We shall deal with the Austrian Bolsheviks in due time and at our convenience," recently said Major Fey, now the Vice-Chancellor. "*Heraus* with the Marxists in the *Rathaus!*" shouts young Starhemberg. So far Dollfuss has refused to be stampeded by the Heimwehr into overt destruction of the Socialist Party. This would cause a general strike which might bring the Nazis in.

The socialists feel very badly let down. They say, with great justice, that for six months they have refrained from overt opposition to Dollfuss in order not to embarrass him in his fight against the Nazis. They were saving their own necks by this policy, of course. They hated the Nazis worse than they hated Dollfuss. But what is the point of having let Dollfuss save them, if now he turns to exterminate them just as the Nazis would have done? They expected gratitude, and now Fey threatens them with concentration camps. The Social Democrats are the largest party in Austria, and the best organized. They have created a magnificent socialist experiment in Vienna, turning it into one of the most prosperous and progressive municipalities in the world. Some 60,000 families have been housed in handsome tenements built

[2] This was an early order by General Vaugoin when he took over the railways. But, even under Dollfuss, Austria remains characteristically Austrian. At a recent press conference an official of the chancellor's office was asked if the Vaugoin order was "serious." "*Ach*, pure rhetoric," he replied. Nevertheless, the socialists are frightened. A member of the Fatherland Front must sign a pledge renouncing class struggle.

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out of taxes and distributed to workmen practically rent free. Slums have been abolished. An immense program of paternalism is in successful operation. Is this achievement now to crash in ruins?

Time and time again the socialists have threatened a general strike. But not since 1927 have they called one. A reason is their own decency. They don't want civil war and bloodshed. Their decency is, of course, ruining them; because it is Dollfuss' best weapon against them. He continually presses them harder, gambling on the chance that they are too decent, or too timid, to make real trouble. But now some sort of showdown approaches. The *Staendische* system, if it is introduced full force, means the death of trade unionism. The Social Democratic Party must fight or fall.

The Dollfuss adherents claim with some justification that the socialists have only themselves to blame for their unhappy plight. They are out in the cold not because Dollfuss is a villain but because socialism, in its moderate Second Internationale form, crushed between Communism and Naziism, is as old-fashioned as a horse-car. Dollfuss does not want personally to be a dictator. But throughout all Central Europe the old party system is dying; liberal democracy was a handmaiden to private capitalism; the world economic crisis has dealt private capitalism a staggering blow; and democracy innocently enough takes the consequences.

Enemies of Dollfuss, on the other hand, say that he is sparing Austria the mercies of Brown Fascism only to make way for a Black Fascism as fundamentally repressive. He is crushing the Nazis only to crush the socialists too. His Fatherland Front does not arise from the hearts of the people but is simply a clever dodge with which to fight the Nazis, and the *Staendische* scheme is nothing more than a fancily-worded swindle to defraud the workers of their remaining rights. Italo-Fascism or Hitler-Fascism — they are one and the same, according to this view, and equally pernicious.

One thing is certain. The Dollfuss system will not mean a terror. But if the Nazis do somehow succeed in taking Austria, then there will be a butchery. Proportionally there are many more Jews in Austria than in Germany[1], and they are concentrated conspicuously in Vienna, where much anti-Semitism lies

[1] There are 194,584 Jews in Austria, 2.93 percent of the population. In Germany the percentage is less than one percent.

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latent. Austria, moreover, will not be simply *Gleichgeschaltet* like Saxony or Bavaria; Austria is a disorderly and rebellious province to be sacked and punished. An Austrian Legion has been formed in Germany, presumably to take part in this adventure. And it is said that all manner of Bavarian and Silesian roughnecks, whom the Germans themselves will be glad to get rid of, have been promised a free hand in the streets of Vienna, when — and if — Dollfuss fails.

V

The little Chancellor has still a third ambition to develop, one which has brought him much international attention: his theory that Austria can live alone. *Anschluss* is legally out of the question, because the Powers forbid it; a Hapsburg restoration uniting Austria and Hungary into a sort of rump-monarchy is often talked about, but is hardly practical politics at the present time; and the obstacles to a general Danubian confederation are probably insuperable. These have been the three orthodox solutions to the Austrian "problem." Dollfuss says "No" to all three. As far back as September 1, 1932, he announced his belief that Austria could and should stand alone and live alone. Now to make an active patriot out of an Austrian is an immense task. Austrians are Viennese, or Tyrolese, or Styrians, or Carinthians; their local pride runs high; their national pride usually is dormant. Part of the extreme charm of Vienna is its concentration in one organism of these rival local spirits, plus the blood confusion of Hungarians, Jews, Czechs, Slovaks and other sorts of Slavs who have watered, colored, and peppered the original Teuton stock. But Austria, says Dollfuss, is to become a nation; more, a nation permanently neutral, peaceful, and self-sufficient, like Switzerland.

The country must, nevertheless, play politics with its hungry neighbors. It listens attentively to vague proposals for an Italo-Hungaro-Italian bloc. It listens equally attentively to the surreptitious blandishments of Dr. Beneš and the Little Entente. Moreover, with Vienna the heart of Europe, it inevitably is a point of friction between the rivalries in Central Europe and the Balkans of Germany, France, and Italy. Austria is (a) a permanent block to German *Mittel-Europa* dreams, so long as it withstands the Nazis; (b) a vital factor in Italian ambitions *vis-à-vis* Jugoslavia, and at the same time an embarrassment to Italian friendship with Germany; (c) an absolute necessity to the independence of

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Czechoslovakia. And the loss of Austria's independence would be a grave embarrassment to Hungary, a shock to Great Britain, and a calamity for France. At the moment it seems that fear of Hitler has drawn Italy and France closer together than in some years. Dollfuss, the little boy, by bearing the brunt of the Hitler attack, has brought the big fellows together.

The Powers have been kind to Dollfuss not merely for his own sake. They admired his courage — yes. They enjoyed the spectacle he provided of a good fight — yes. But they knew that his stand was a test case of the whole peace treaty structure. Dollfuss, by opposing Hitler, made Austria in effect a state committed to a status-quo rather than a revisionist policy; and other states, watching Dollfuss, have been inclined to dilute the pure liquors of their revisionism. This is especially true of Italy, who, as we have already noted, does not want the Prussians on the Brenner. Nor do any of the Powers want to encourage Germany in further adventures in prestige *politik*.

In general, too, Dollfuss has become a sort of 1933 variant of the Pilsudski who ten years ago beat the Bolsheviks off from the gates of Warsaw. Then, as now, a powerful national but latently international crusade sought to spread out beyond its original confines. Pilsudski prevented communism from overspreading Western Europe. Today Dollfuss in Vienna stands in a similar relation to militant Naziism. It is on his head that the first Nazi wave has broken. Should Austria go Nazi, then Hungary and Czechoslovakia, even Switzerland, even Denmark, may feel the Hitler hammer. The frontiers of Germany are tingling from the aggressive strain to which they are submitted from within. From Holland to Danzig, right around the circle, Naziism seeps from Germany across the borders. Note the new military items in the expenditure of Denmark, of Holland, of Switzerland — three states which never before thought of themselves as subject to possible invasion. Austria was the objective of the first attack. It failed. But it was a lesson. Europe gives thanks to little Dollfuss.

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IRELAND SINCE THE TREATY

By Stephen Gwynn

LONG before the first ten years of the Irish Free State's existence were over, those who had prophesied a demonstration of unfitness for self-government were reduced to rueful silence; even old nationalists were amazed by the swiftness with which a handful of inexperienced young men evolved order out of chaos. Within the last two years all this has changed; the prophets of evil are chuckling "we told you so;" many nationalists are discouraged; while friendly lookers-on exchange the tone of admiration for one of sympathy. I shall attempt to explain so brusque a relapse after so remarkable a recovery.

Ireland attained self-government after a revolution prolonged over a century, and carried out stage by stage against the resistance of a great power. To have the revolutionary temper ingrained through generations is the worst conceivable preparation for using that freedom which is the goal of revolution. Yet at each stage revolution justified itself by concessions obtained: equal rights before the law for Catholics; ending of the landlords' absolutism; and finally, autonomy. The British electorate and House of Commons had conceded autonomy before August 1914; nothing remained but the resistance of the House of Lords, and that would have been withdrawn at once had we been content to accept Home Rule for 26 counties. What were called constitutional methods — as practised by O'Connell, Parnell and Redmond — had succeeded as against the methods of the Secret Society. Yet Ireland had never wholly shaken off faith in violence and in the end it was by the methods of the Secret Society and guerilla warfare that much better terms were attained in the Treaty than ever offered to the Constitutionalists.

Yet once more England was offering a compromise: for Ireland's demand had risen to complete independence and a Republic. Or rather, this was the demand of the Secret Society, which had acquired the title to speak for Ireland. It was, like all violent revolutions, a minority movement, which owing to the character of the struggle acquired general popular support. But when the terms of the Treaty were made known the voice of Ireland was overwhelming for acceptance. Decision, however, had to be made by an assembly, elected in mid-struggle, which repre-

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sented only the Secret Society and was pledged to the Republican formula. Many argued that the claim had been a bargaining demand. "Ask for a Republic and you'll get a good Home Rule Bill." When acceptance was decided by a majority of seven in a House of 125, Mr. de Valera refused to accept the decision. Sinn Féin was split from top to bottom. One part of it, headed by Griffiths and Collins, formed a provisional government and carried on. The other part was (without Mr. de Valera's consent) pushed into resistance to this government, which was denounced as the tool of England; civil war followed. Within a few weeks of the first shots, Griffiths was dead of heart failure and Collins killed in an ambush. Authority passed into the hands of a group of young men whose characters and faces were unknown to the mass of Irish people who had for a century been used to follow names that were flags to them — O'Connell, Parnell, Dillon, Healy, Redmond. The only man surviving whose name was a flag was Mr. de Valera; and he was now in the traditional Irish nationalist position of being against the government. Methods of the Secret Society were used against the new rulers: when the Parliament elected to frame a Constitution met, two of its leading men were shot in the center of Dublin on the way to it. The answer was given by the immediate execution without trial of four leaders of the insurgents (Irregulars, as they were called) who were in jail. Some months later General Mulcahy, then Minister for Defense, justified the lawless measure by its success: attempts to terrorize members of the Dáil had not been renewed. But General Mulcahy as Chief of Staff in the guerilla war against the British had issued orders for many ambushes; and the men who were shot so summarily had been the close associates of him and other members of the ministry which sentenced them.

In the many books dealing with the war against the "Black and Tans" and the Civil War, written by men who took part in both, it is universally agreed that the bitterness of the Civil War was by far the fiercer. Thus, although the work of administration went on with swift efficiency, there was no admiration or sympathy in Ireland for the Irishmen who conducted it. They had restored order and created an excellent unarmed police in a country which when they took it over had all its communications cut, road and rail alike. But they had carried out 77 executions, over and above the deaths in action. In the Dáil they were a party without opposition; for though a considerable number of Republicans were

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returned as such, these refused to recognize the assembly by attending and taking the prescribed oath. It was even of more moment that a country which from 1919 to 1923 had been used to the terrorism of the Secret Society was prepared to accept any orders from those who had guns. The Government was virtually a dictatorship in commission — a very able dictatorship carrying out useful reforms without caring whose toes suffered. For instance, if a man was found exporting stale or dirty eggs to England, his license to export was taken away. The Irish egg acquired new credit, but the Government made many enemies: and so on in endless ways. People voted for Mr. Cosgrave's party because they were afraid that to put Mr. de Valera in would bring about a new war with England; and there was no one else to vote for. Labor had a very minute following. The old Nationalist Party had virtually disappeared, except in the person of John Redmond's son; but in all the constituencies there were thousands of voters, Redmondite by sympathy; and they as a rule disliked the Cosgrave section more than the de Valera section. Mr. de Valera could afford them fair words: Mr. Cosgrave, friendly and generous to the old Unionist Protestants who represented important interests but had no appreciable voting strength, treated the old Nationalists as a possibly formidable opposition and gave them (it was his worst mistake) less than fair play. The Government never really had behind it the active support of more than a part of the old Sinn Féin party. Neither had Mr. de Valera. But the mass of the populace kept Mr. Cosgrave in for fear of what might happen if he went out.

Moreover, the ministers were overwhelmed with work. Everything had to be reconstructed. They had first to improvise an army of 50,000 and then reduce it to 10,000 and absorb the discharged. In order to give employment and to occupy the minds of Ireland, they spent very large sums on providing first-class roads, and they harnessed the Shannon for electric power. More was done in five years to modernize Ireland's equipment than had been done in fifty of British rule. Their agricultural policy was conducted by a young man, Mr. Hogan, and after some five years Sir Horace Plunkett pronounced him to be the best Minister of Agriculture in Europe. But they were too occupied with administration to have time for electioneering; moreover, the absence of a regular opposition made them disregardful of public feeling. They made things, but they made mistakes.

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The civil war officially ended in May 1923 when Mr. de Valera issued a cease fire order. But he did not call for a surrender of arms; and the Secret Society once more went underground, though making plain that it maintained its defiant attitude. Mr. de Valera was vague, but he was plainly against fighting; and in 1926 Sinn Féin, as the opposition was still called, split; the majority followed its leader, but the physical force men refused obedience. Ireland grew impatient of a politician who would neither use guns nor parliament, and Mr. de Valera began to concentrate on a demand for removal of the oath of allegiance which was formally enjoined as part of the Treaty, contending that this was the chief obstacle to a general acceptance of constitutional methods.

On the other hand, Mr. Cosgrave's rule had received a rude shock in 1925. The Treaty arrangement had left various loose ends hanging. One was the British claim that Ireland should shoulder its proportionate (but undefined) share of the war debt. The other was connected with that partition of Ireland which was and is the most detested part of the compromise. It was laid down that the boundaries of Northern Ireland should be readjusted on equitable terms. Nationalists took this to mean that towns or counties in which Nationalists held a majority should be handed over to the Free State. This would have given the Free State Derry city and Tyrone and Fermanagh; and it was believed that Northern Ireland, so reduced, would cease to be a practicable unit. In 1924 a Boundary Commission was set up; the British named a chairman, Mr. Justice Feetham, English-born and educated, but a leading member of the South African bench: the Irish chose Professor MacNeill, an Ulsterman by birth. But Northern Ireland refused to accept the possibility of any alterations and would nominate no one. A special Act was passed enabling the British to name a third member who was an Ulsterman, Mr. Fisher. Evidence was taken all along the border, and at the end of 1925 it became known that the chairman had construed his terms of reference so as to exclude all but small adjustments, and that the report would actually propose a transference of some Free State territory to Ulster. There was a fierce explosion of passion. Professor MacNeill retired from the Commission; it was evident that the smallest transfer in either direction would lead to violence; and the British and Irish Governments came to a settlement. The boundary was to remain unchanged, and Ireland

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was to be relieved of all responsibility for war debt. But nobody in the Free State had contemplated paying this debt; nearly everybody had counted on wresting much territory from Protestant Ulster. The Cosgrave administration was held to have been duped into a surrender.

Yet in fact the financial concession was important. It consolidated in permanence the position first established in 1923 that the Free State — having no national debt beyond about one year's revenue — could borrow as cheaply as Great Britain, and raise the money in Ireland. Economies had made it possible to reduce income tax below the British rate; the country was quiet; rich men began to return to it for sport, bringing money with them. But over and above the odium of the border, uncompromising legislation gave much offense, especially a drastic temperance bill. Mr. de Valera in his new attitude was less frightening to the electorate, and at an election held on July 7, 1927, Mr. Cosgrave's following was reduced to 46 as against 44 for Mr. de Valera. But all the other fractions in a House of 150 were for the Treaty; and the main opposition still abstained from attendance.

Then on July 10 the country was horrified by the murder of Kevin O'Higgins, Vice-President of the Dáil and by far its ablest member. He was shot in a Dublin suburb going alone unarmed to mass on a Sunday morning. The assassins escaped. The I.R.A. officially disowned the deed, Mr. de Valera denounced it. Mr. Cosgrave introduced and carried a Public Safety Act of the most stringent character. Moreover, to end the situation of an opposition that would not face debate he introduced a measure obliging every candidate for election to pledge himself to accept the qualifying oath. Having done this, he held suddenly a new general election at the end of August. Mr. de Valera now decided that the oath could be regarded as an empty formula and could be taken explicitly as such. The reactions of the electorate were curious. Both of the main parties increased their numbers; Mr. Cosgrave had 61; Mr. de Valera 57. It was therefore possible to form an administration to replace Mr. Cosgrave, and a coalition between Labor and the few Nationalists led by Captain Redmond, son of the old leader, was proposed for office. This failed narrowly; none of the minor parties would vote for Mr. de Valera; and Mr. Cosgrave came in again.

In 1928 the position became more defined. Mr. de Valera announced that he and his if they came into office would accept the

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Treaty as an inheritance and seek to change it only by peaceful negotiation. This removed the menace of war. On the other hand, Mr. Blythe, the very able Finance Minister who had succeeded O'Higgins as Vice-President, made his party's declaration: "We believe that within the British Commonwealth of Nations this country can enjoy greater freedom and security than outside it. Our policy within the Commonwealth is to remove anomalies in the relations of its different members."

Much had already been done in this direction. In 1923 the Free State had been admitted to the League of Nations and had promptly registered the Treaty as an international agreement. At succeeding conferences of the dominions, Kevin O'Higgins had shown an ability marking him as one of the clearest brains in the Empire, and Ireland in close alliance with South Africa had pushed on step by step the assertion of complete equality between dominion and dominion. After his death this task fell to Mr. McGilligan, another brilliant young man, to whom legal training was a help, not a hindrance. America led the way in recognition of the new status by establishing a legation at Dublin; in 1928 the Free State set up legations at Rome, Paris and Berlin, and from 1930 on the Pope had a Nuncio and France and Germany had Ministers in Dublin, in addition to the consular staffs.

Add to this that the Shannon was now supplying electricity all over the Free State, and that peace appeared so thoroughly established that the Public Safety Act was repealed. But no one had been made to answer for the murder of O'Higgins; and during a debate in the Dáil one of Mr. de Valera's followers uttered an observation that spoke volumes. He had been condemning the murder. "Will you help us to find the murderers?" he was challenged. "Do you take me for an informer?" was his answer. That was the attitude toward the law ingrained in Ireland by a century of revolution in which the Secret Society always played a part. Ireland had not yet as a nation learnt to regard the law as its law, the expression of its will, to be defended by every citizen. On the contrary, the offender must be protected, at least passively. Nobody would support the government because it was the Government.

In 1930 there came a premonitory shock. Mr. Blythe, always a rigid economist, refused to raise old age pensions to the British rate, holding that the taxes must be paid in the main by Irish farmers who were feeling the agricultural depression. Mr. de

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Valera on the other hand posed as the champion of the poor and with Labor backing he beat the Government on this issue. Mr. Cosgrave resigned: Mr. de Valera was proposed in his stead as President, but Labor would not vote for him; the Labor leader was in turn proposed and rejected; and Mr. Cosgrave resumed office. His Government abated nothing of its high-handedness in domestic affairs; at the same time, it pressed successfully its points against Great Britain till it was admitted that the King in Ireland must act on the advice of Irish ministers and this advice should be tendered to him directly and not as before through the Colonial Minister.

Meanwhile Mr. de Valera was pushing a new bid for popularity. Since 1903 it had been established in principle that Irish landlords should be bought out, and the land transferred to its occupying tenants, who in lieu of rent paid a series of annuities spread over a period of 63 years. The British exchequer created a special land stock from which this huge transaction was financed; it received the annuities and transmitted them to the holders of land-stock, which stock had the British guarantee. These annuities were in every case less than the rent previously paid and the Land Purchase Measure for which Mr. Wyndham was responsible was quoted by Nationalists as a generous and conciliatory measure. Payments were maintained scrupulously, as each marked an increasing title to freehold. Mr. de Valera, however, convinced himself and convinced some lawyers that when Ireland was absolved from all share in the British national debt she was absolved from this also: the annuities belonged to Ireland. He proposed to collect them, but apply them for the benefit of Irish agriculture. Mr. Cosgrave answered that a special agreement had been made between his Ministry and the British by which the land stock had been treated as separate: Ireland agreed to collect the annuities and transmit them to the British who would pay the landholders. Mr. de Valera answered that the agreement had never been ratified by the Dáil. The Irish farmers in large numbers drew the conclusion that payment of annuities could be escaped.

A new instance of severity had added to the unpopularity of the Government. Since the repeal of the Public Safety Act, the I.R.A. had grown increasingly bold. Drilling with arms was frequent. In the mountains, an hour's walk from Dublin, a couple of civilians were ordered off and then fired on; a great dump of

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explosives and weapons was found nearby and traced to certain persons. But juries were intimidated by threatening letters; jurors who gave a verdict, witnesses who gave evidence, were assassinated; although the law had been changed in 1929 so that nine jurors in twelve could decide the verdict, convictions could not be obtained and terrorism spread. Mr. Cosgrave brought in an Act enabling cases of various natures to be referred to a military tribunal, which could award penalties up to the capital one. No executions took place, but many of the I.R.A. were sent to jail. Order was restored, but the country was offended by these methods. When a general election was held in 1932 Mr. de Valera got 72 members in a House of 151 against Mr. Cosgrave's 65. Seven Labor men were able and willing to put the Republican leader at last into power, though with a shackle on him.

Mr. de Valera lost no time. He immediately introduced a bill to remove the Oath, the formula of which was stipulated in the Treaty. His contention was alternatively that the Treaty was signed under duress, or that, since by admission all partners in the British Commonwealth were of equal status, England had no right to concern itself with a purely Irish matter. The Senate, however, refused to accept this reasoning and the oath remained in force for the 18 months beyond which the second chamber cannot impose its veto. In 1933 repeal was completed. The payment of land annuities due in June 1932 was withheld, as were sums which under the arrangement made with Mr. Cosgrave's government were still payable (being mainly instalments on local loans advanced for the joint exchequer). Mr. de Valera and his lawyers contended that Ireland was liberated from the British national debt and that these were part of it. The British reply was that the Treaty must be observed and that in financial matters between states a new government was bound by the bargains made by its predecessors. They offered, however, to submit the financial claim to a court selected from within the Commonwealth. Mr. de Valera answered that the Boundary Commission had proved that Ireland could not look for justice to any such tribunal and offered to accept arbitration at the Hague. The British refused — from the standpoint of the single case unwisely and inconsiderately; but they had to consider that if this were conceded their whole position in India might by inference be referred to the same adjudication.

At the moment when all this was passing, the British dominions

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were meeting in conference at Ottawa to arrange for the first time on an important scheme of mutual imperial preference. In view of the facts, England refused to enter into any new bargain with Ireland. Canada, Australia and New Zealand were all competitors with Ireland in the British market — the only market in which Ireland could dispose of her large surplus products of food stuffs. These dominions gained new advantages. Attempts were made at the Conference to settle the Irish difficulty, but no one has as yet been able to conclude a bargain with Mr. de Valera; and Ireland retired from Ottawa having secured no privileges. Meanwhile the British, to reimburse themselves for the withheld five millions, had put a special tariff on all goods coming from the Free State: it began at 20 percent and was raised on most articles to 40.

Mr. de Valera welcomed this, however, as forcing the Irish people to be economically self-sufficient. Instead of producing cattle for export they were to grow grain. The production of beet sugar, introduced by the Cosgrave Government, was to be extended. The system of "selective protection" introduced by Mr. Blythe from 1926 on was to be replaced by a general tariff, with clauses discriminating against English coal, woolens and other merchandise. It was economic war, linked to a new theory of economic life for Ireland, which had been directing its effort in the main to producing horses, cattle, sheep, butter, poultry and eggs for the English market, and was now to aim at growing all it needed within its own boundaries. This change involved disregarding all experience of what suited the Irish climate. But Mr. de Valera appealed to the country to back him in war with the ancient enemy, and denounced as traitors those who said that Ireland ought to keep its bargains and pay its debts. Meanwhile the excess production of butter and live stock was disposed of as before to England, a bounty equal to the import duty being provided by the Irish taxpayers. But most of this remained with the exporter, not the producer.

In general, however, Mr. de Valera made it felt that he was on the side of the poor man. Ireland's wealth was mainly in the hands of the larger farmers and the war fell chiefly on them. Mr. Cosgrave's aim had been to make Ireland a country living prosperously in a modest old-fashioned way; he had desired to attract rich people and sporting tenants; and the Governor-General's residence had been a center of pleasant hospitality. When the

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Free State began, a new precedent was established in the choice of the first Governor-General; Mr. Tim Healy, "an old man of the people," one of Parnell's ablest lieutenants, was chosen instead of the traditional English aristocrat. But Mr. Healy was a strong royalist, and on his retirement in 1927, after a five-year period, Mr. MacNeill, his successor, was a Catholic Nationalist, but also a distinguished ex-member of the Indian Civil Service. Mr. Cosgrave's government maintained all the ordinary forms of ceremony — though it was formally established that the King's representative in Ireland should be saluted with the Irish national anthem, "The Soldiers Song," and on no account with "God Save the King." On the other hand, Republicans refused to recognize the King personally or by deputy and denounced official ceremonies as wasteful and undemocratic. The silk hat became a symbol. Accordingly under the new régime Mr. MacNeill found his presence at the Viceregal Lodge completely ignored by the Government: this was the more marked because in 1932 a Eucharistic Congress in Dublin entailed great public receptions. Finally, having made public protest against acts of discourtesy, Mr. MacNeill was called on by the Irish Government to resign, and did so. His place was taken by one of Mr. de Valera's partisans, Mr. Buckley, who agreed to keep completely in the background and merely be there to affix the signature required by the Constitution to public acts.

Thus, although still technically within the British Commonwealth, Ireland had exploited to the last point that freedom from British control which had been asserted by the Cosgrave government. Undoubtedly she was free to sever the connection, and Mr. de Valera expressed his intention to end it some day, but not without the consent of the Irish people.

Meanwhile all members of the I.R.A. who had been put in jail by the previous government were let out, and this private army continued to drill without interference; it was known to be importing arms largely; and the opposition began to doubt whether if Ireland were asked to vote at a general election, the booths might not be controlled by this organization. A counter-organization of "Army Comrades" was set on foot by Dr. O'Higgins, whose brother Kevin (and his father also) had been murdered by Republican patriots. This new body was not to be armed; but it was to be ready to protect freedom and ordinary civic rights — especially free speech. It spread. Meanwhile, there

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was a movement towards coalition between the Cosgrave opposition and the various independent groups. Two young men had become conspicuous among these — Mr. James Dillon, son of the old leader, and Mr. Frank MacDermot, whose brother, The MacDermot, was head of one of the old princely Gaelic families. These men stood out by ability and education: and the very popular Lord Mayor of Dublin, Mr. Byrne, publicly proposed a fusion. Before this movement could go further Mr. de Valera sprang a new General Election on the public. Contrary to expectation he increased his following and returned with 76 members — one more than half the Dáil. He had given no pledge that he would not declare a Republic and was free to do so.

Yet nothing of the kind was done. What affected the public first was an administrative change. General O'Duffy, head of the Civic Guard, was dismissed. This very able and popular organizer was now at liberty to join the Army Comrades and did so: Dr. O'Higgins resigned the presidency in his favor and he changed the name to the National Guard. A blue shirt was adopted as a distinguishing mark, and the organization grew rapidly. General O'Duffy publicly made some pronouncements hostile to the parliamentary form of democracy; Mr. de Valera declared that a military *coup d'état* was intended, and finally, using the Act which Mr. Cosgrave had passed to deal with the I.R.A., he proclaimed the National Guard as "a dangerous organization" and turned out troops to prevent an assembly of it.

The result was to unite the opposition forces into a new organization, "United Ireland," whose president was General O'Duffy, with Mr. Cosgrave as its leader in Parliament and Mr. MacDermot as his deputy. Mr. Dillon also had a prominent place. Mr. Cosgrave's former colleagues were included, and Mr. Blythe and General Malcahy have acted in close concert.

The position at present is that the economic war continues with results ruinous to the Irish farmers: but the smaller men, who work their trade without hired labor, are encouraged by the promise that land will be taken from those who do not put an approved portion of it under tillage and will be given to those who do this. Meantime the bigger farmers have been unable or unwilling to pay their rates and the local finances are everywhere in disorder. A group of these farmers were brought before a military tribunal under the Special Act, on a charge of conspiracy: the result was an acquittal, and in those parts of Ireland where the farming

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community is generally well-to-do the result was a blow to the government.

But in the Dáil Mr. de Valera has the backing of seven Labor men to reinforce his own basic majority, and he has conciliated Labor and the poorer classes generally by a bill giving allowances on a generous scale for the unemployed and their families. Meanwhile the National Guard has been fused with the new political organization and asserts its right to exist, which is violently opposed by the I.R.A. whose official organ announces "No Free Speech for Traitors." But in spite of violent attacks upon his meetings General O'Duffy carries on his campaign with great determination and courage. The police at first made no attempt to arrest the interrupters, even when interruption meant a fusillade of stones. The I.R.A., however, are not content with Mr. de Valera and have denounced his policy as half-hearted.

Meantime a bill has been introduced and passed virtually without opposition through both houses to remove various symbols of external authority, including the need for the formal assent of the Governor General to legalize Acts, and also the right of appeal from Irish courts to the Judicial Committee of the Privy Council — a right recognized as useful by the other dominions. But the boat's painter is not cut. Ireland has not as yet seriously faced the question whether to choose the sentimentally attractive status of a separate Republic, or hold to the advantages of being within the British Commonwealth. These advantages, supposing the economic war were ended, already include preference in the British market, for which no substitute has been found, and also the right of every Irishman to enter the British public and municipal services, where — especially in medicine and nursing — many Irish men and women find a career. But the opposition, not yet fully consolidated, and containing many men previously in active revolt against British rule, is afraid of the reproach of English sympathy and dares not raise the clear issue. Both parties are aware that to declare a Republic would destroy all hope of bringing Protestant Ulster into a united Ireland, which for both remains the supreme objective. Ireland thus seems destined to remain for some considerable time in a state of hesitation and transition, unable to shape any clear policy whether in the economic or the political sphere.

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RUSSIA AND WORLD TRADE

By William O. Scroggs

THE recognition of the government of Soviet Russia by the United States has evoked much discussion as to the effect this action may have on trade between the two countries. While some observers insist that the commercial results of recognition will be of no great consequence, others predict an enormous demand from Russia for all kinds of American goods. It is at least significant that for some months before the Soviet Government was recognized, negotiations were under way in Washington for a substantial grant of credit to Russia by the Reconstruction Finance Corporation to finance purchases in the United States.

The Soviet Government is authoritatively reported as ready to place orders for machinery, steel rails, cotton, and live stock to an amount exceeding $500,000,000 if the necessary credits can be arranged. Whether this would be the beginning of a new and steady demand for American products only time can disclose, but in any event the current discussions give a new interest to certain salient facts concerning Russia's place in world trade and especially to her trade relations with the United States.

In spite of her vast territory, large population and abundant natural resources, Russia is not one of the great commercial nations. In this respect she is considerably outdistanced even by tiny Belgium and the Netherlands (not including the trade of the Dutch colonies). Approximately two-thirds of the foreign trade of the world is in the hands of twelve nations. In this group Russia in 1932 ranked eleventh. Argentina then stood twelfth in the list, and in recent years she and Russia have taken turns in holding last place. No country outside this group of twelve accounts regularly for as much as 2 percent of the total world trade. Russia's share in 1932 amounted to 2.44 percent, a figure to be compared with 13.38 percent for Great Britain and with 10.92 percent for the United States.

While Russia's external commerce is thus relatively unimportant for a large nation, it expanded rapidly in the decade after 1920, as shown in Chart I, and even during the depression in 1931 and 1932 it held up better than did the trade of the great maritime powers. Between 1929 and 1932, while British exports declined 64 percent, German exports 58 percent, and exports from the United States 70 percent, exports from Russia declined slightly less than 40 percent. It is especially interesting to note a gain of nearly 10 percent in Russia's exports between 1929 and 1930, a time when both British and American exports declined more than 20 percent.

The United States for a time enjoyed an increasing share of Russia's trade; indeed in 1930, as shown in Chart II, it had a slight lead over Germany. By 1932, however, the United States had fallen to third place, having been passed by both Germany and Great Britain. Some of the more ardent advocates of closer relations with Russia maintain that the recent recognition of the Soviet Government will enable the United States to regain the market which it has temporarily lost to its British and German rivals. Chart II shows that in 1931

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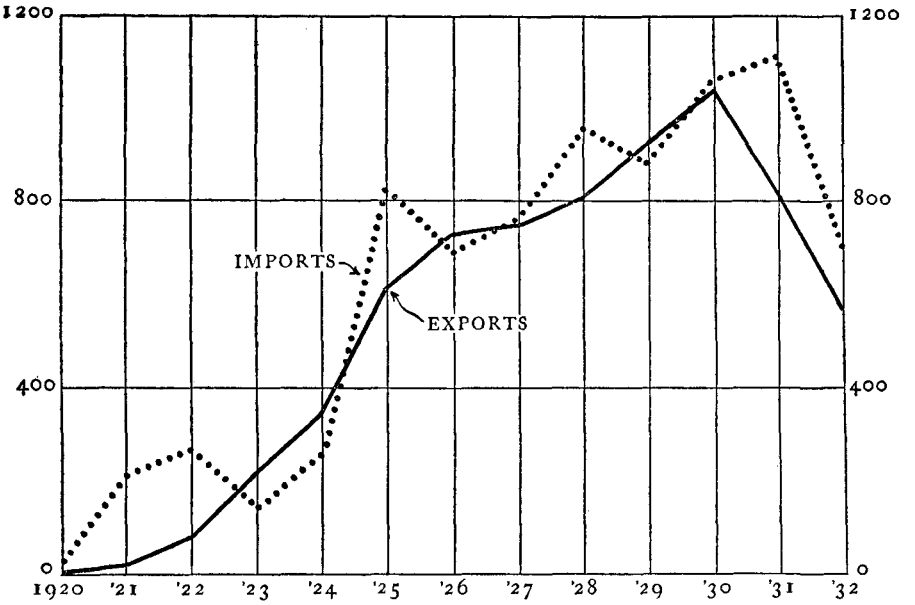
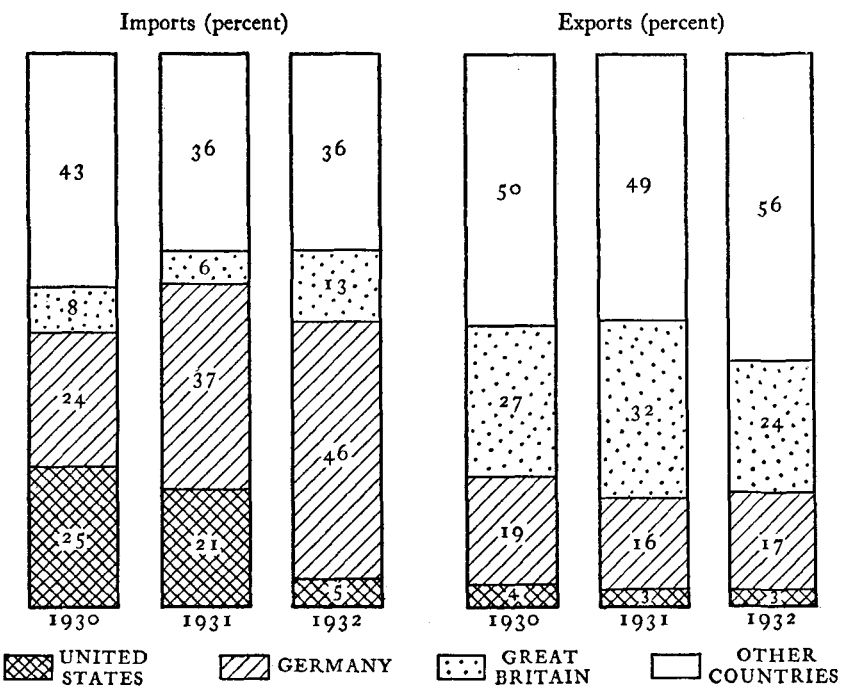
I. SOVIET RUSSIA'S FOREIGN TRADE

(*in millions of rubles*)



II. DISTRIBUTION OF SOVIET RUSSIA'S FOREIGN TRADE



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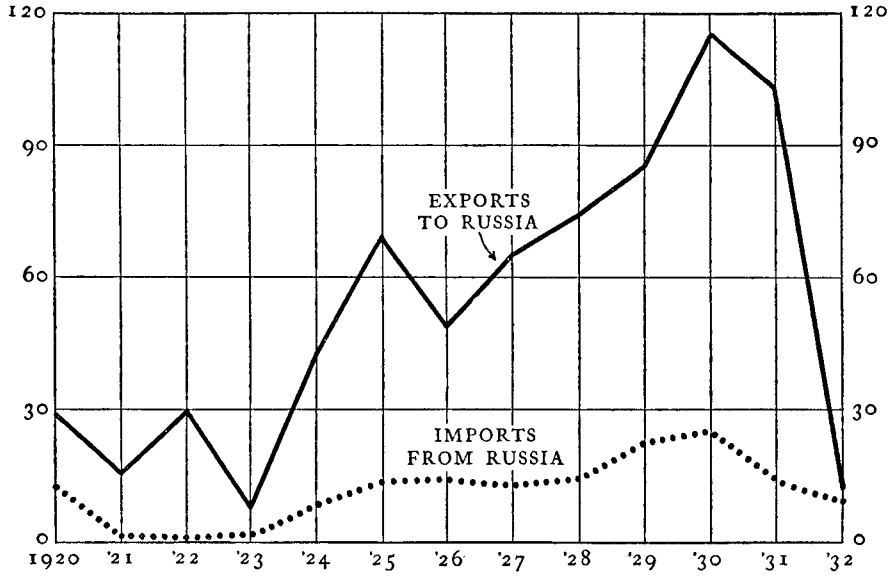
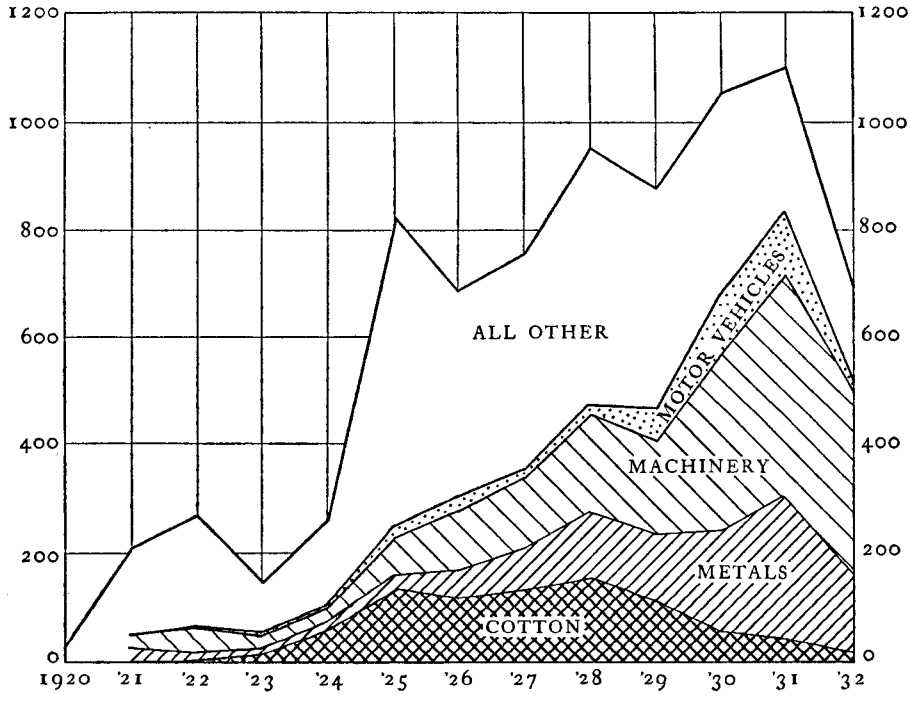
III. UNITED STATES TRADE WITH SOVIET RUSSIA
(*in millions of dollars*)



IV. CLASSIFICATION OF SOVIET RUSSIA'S IMPORTS
(*in millions of rubles*)



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and 1932 British and German exporters were gaining relatively at the expense not only of Americans but of exporters in other countries.

In 1930–32 the United States, Germany and Great Britain supplied an average of 62 percent of all foreign goods purchased by Russia. The share from the United States fell from 25 percent in 1930 to 5 percent in 1932. Germany's share, meanwhile, rose from 24 to 46 percent, and Great Britain's from 8 percent to 13 percent. Various explanations have been offered for the marked decline in the American share. It is stated that the Soviet Government found it more difficult than formerly to arrange the needed credit in the United States. At the same time it had begun to manufacture tractors, agricultural machinery and other mechanical equipment which it had formerly obtained wholly from American manufacturers. It is also possible, though not easily proved, that in reducing their American purchases the Soviet authorities were seeking to show their resentment at efforts made by certain interests in the United States to have an embargo laid on Russian lumber, pulpwood, asbestos, manganese and safety matches, on the ground that some of these were being "dumped" into the United States — that is, were being sold below the cost of production — and that others were the products of forced labor and therefore subject to exclusion under the tariff laws.

But Chart II also shows that Great Britain and Germany afford a much better market for Soviet goods than does the United States, and this may help to explain the shifts in Russia's foreign buying. From the nature of the case, the American market for Russia's goods is limited; for her chief exports — petroleum, grain, and lumber — are also produced in exportable quantities in the United States.

While the United States is in no position to buy heavily of Russian products, it is in a favored position to supply the goods which Russia especially needs. The lack of balance between imports and exports in the post-war trade between the United States and Russia is clearly indicated in Chart III. The classification of Russia's imports, as shown in Chart IV, reveals that since 1921 four groups of commodities — cotton, metals, machinery, and automotive vehicles — have formed an increasing proportion of her purchases. In 1922 they constituted 25 percent of the total imports, and in 1931 and 1932 they had increased to about 75 percent. These are goods which the United States is especially equipped to export, but as Russia has few goods and still fewer services with which to make payment, it would appear that any considerable volume of trade between these two countries must be established on a triangular basis, with some third country, or more probably a group of countries, taking the Russian goods which the United States does not need and thereby supplying the Russians with the means for paying for imports from the United States.

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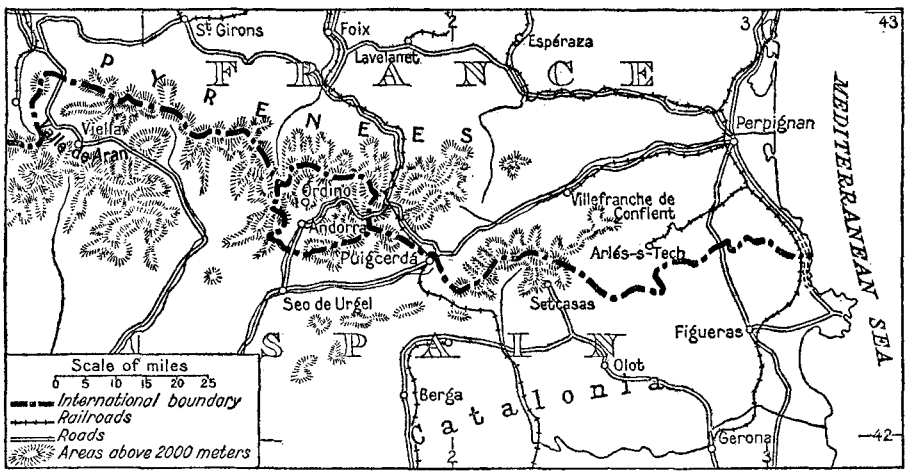
ANDORRA

The Passing of Europe's Last Feudal State

By Lawrence A. Fernsworth

FOR more than two years the five thousand inhabitants of Andorra, all mountain peasants, have been stirred by a bitter conflict with their co-Princes, the Spanish Bishop of Urgel and the President of France. The conflict reached its climax when the people rose in rebellion against the "sovereign authority," and France sent an "army" of sixty or more gendarmes into the country. This occupation held a tragic significance for the Andorrans because it meant that a neutrality (*i. e.*, freedom from invasion) which they had enjoyed since 1278, had been broken. Many of them feel that for the future there will always be a note of irony in the name which they give to their country: "The Free and Neutral Valleys of Andorra."

But the events had a deeper import than the surface conflict in a tiny and all but forgotten state. They heralded the fact that Europe's last feudal state was



in process of dissolution as such. And they may be regarded as constituting an incident in the historic process of French frontier rectification, which reached its high point in the Treaty of the Pyrenees (1659) but which, from the French viewpoint, has never been completed.

Andorra, sometimes called a Republic and sometimes a Principality, is neither. As a state it is Europe's square peg. It is feudal and does not fit into the twentieth century political picture at all — a thing which most people who attempt to classify it forget. It gives homage to two co-Princes. It has an internal government consisting of the First and Second Sindics, more commonly called the President and Vice-President, and a Council General or administrative parliament of twenty-four members.

The Andorrans say they received their independence from Charlemagne; and

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Andorra may well have been one of the buffer states which he and his sons created when they established the Spanish March. But the Bishops of the little Spanish town of Urgel, which lies just to the south of the Andorran frontiers, have had certain claims on Andorra for at least eleven centuries. In 839, when the Bishop Sissebuto dedicated his cathedral at Urgel, Count Senyofredo of Urgel, by consent of the Emperor Louis, Charlemagne's son, placed Andorra under the jurisdiction of the Bishop and his successors.

The Count of Urgel seems to have reserved certain rights which a few centuries later a French nobleman, the Count of Foix, considered himself to have acquired by reason of marriage with the House of Urgel. There was a dispute with the Bishop and finally, in 1278, a war. The war ended in the same year with the signing of a treaty known as the *Pariatjes*, or Pairages, whereby the Count and the Bishop were to have exactly equal rights in Andorra, each bearing the title of lord or co-lord, not of co-Prince, which is an innovation. The lords had authority to collect certain revenues, to administer justice and to command the armed forces. They stood in a protective relation to the country. Andorra did not belong to any lord or lords, and much less to any state.

The position which France seems to have taken in recent years that Andorra is part of her patrimony violates both the spirit and the letter of the *Pariatjes*. Indeed, the relations between Andorra and France stood completely severed for nearly thirty years when the French revolutionary government renounced all claim to Andorra on the grounds that it could not recognize or accept titles of nobility, as implied in the relationship. In 1806 the Andorrans voluntarily petitioned Napoleon to stand once more in the relation of protecting lord to Andorra, and he consented. Thus in the final analysis such privileges as France exercises in Andorra come to her from the people.

The people desired the protection of France as a counter-balance to possible aggressions by Spain. The Bishop of Urgel, on the other hand, until very recently had had the support of the Spanish Government in checking excessive French activity in Andorra. The arrangement served admirably to preserve Andorran neutrality for nearly seven centuries. It was only after the Spanish Republic withdrew its support from the Bishop that the neutrality was broken.

Andorrans have always made a distinction between the respective rights of the people and the lords. They have historically claimed independence in internal affairs except as to those prerogatives specifically recognized to the lords by the *Pariatjes*. A gradual accumulation of rights, powers and forms of procedure are their most binding law, called customs and usages. These are unwritten but have been handed down from generation to generation verbally. This is distinctly in the Catalan way. Even in neighboring Catalonia certain customs and usages have to this day the force of law. And Andorra is of the Catalan family.

The safeguarding and application of the customs and usages are vested in the *Sindicatura* and the Council General, whose members must be *caps de casa*, or heads of families, who are the owners of land in sufficient quantity to be considered responsible and worthy persons. Originally this body was the Council of the Land — *Consell de la Terra* — composed of *prohoms* representing the land, not people. To the present moment it has still been exactly that, although at a point in its history its organization was somewhat altered and its name

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changed. All this is a survival from feudal days when delegates in councils of state or law-making bodies represented the land.

There have been many conflicts between the people and the lords as to their respective rights. The lords, as the administrators of justice, pretend to have the last word in defining the respective rights of themselves and the people. They have the appointment of the law tribunal composed of three henchmen — all non-Andorrans. Two of them are the lords' personal administrative representatives, known as the *Veguers*, who, sitting as judges, pass upon the validity of their own executive acts and legislative decrees, as they did recently when they attempted to depose the government for "disobedience and disrespect" toward the lords. All this is as though one of the parties to a suit should at the same time be judge and jury and have at his command the machinery for enforcing his particular viewpoint.

The story of this conflict is long and complicated and will not be related here. But briefly the people claimed the right to grant certain concessions, to establish their own postal system and telephone lines, to conduct their own schools, name their own notaries and pass upon the qualifications of Andorrans to hold office. The lords, through the *Veguers*, issued orders and decrees in a contrary sense. When the people refused to obey them, France, by previous agreement with the Spanish Bishop, sent its gendarmes.

At this point Spain intervened. The Minister of State, Fernando de los Rios, issued a note pointing out that the rights of the co-Princes in Andorra were exactly equal. The incident had the important consequence that Spain once more renewed relations with the Bishop of Urgel, recognizing him for the future as its diplomatic representative for Andorra. He will represent Spanish influence there as a counter-balance to the influence of France. For even though Spain has no legal claim to Andorra, it is all too obvious that it must have an interest in this state which forms part of its international boundary. The Spanish intervention has resulted in the withdrawal of the gendarmes.

Andorra's present troubles are really the growing pains of Europe's most isolated state emerging from its feudal cocoon. Until a few years ago it had remained untouched by the new currents of progress that flowed and eddied beyond its mountain walls. However, a power company, having obtained rights to establish in Andorra an important plant for supplying electricity to the Barcelona industrial region, brought in machinery and a thousand laborers. It brought money and trade. It gave Andorra its first highway, traversing the country, replacing the old mule trail. The highway brought people. The Andorran panorama began to change. New interests were created. Feudalism began rubbing its shoulders with its arch-enemy, capitalism. Soon a dramatic conflict between these two historic forces was under way — and for the last time in Europe.

An outcropping was the youths' revolution of April when two hundred Andorran youths descended upon the House of the Valleys, or state house, where the Council General was in conclave, and demanded the right to vote and to attend its sessions. Up to this time only the *caps de casa* had held that right. Official public meetings were unknown. All was secrecy. Now Andorran youths who have reached the age of 25 years have the vote, while those who have reached the age of 30 are eligible to hold public office. The sessions of public

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officials will be open hereafter — except to strangers. Thus the nature of the Council General has already been changed. For the future, it represents the people, not the land. It is no longer feudal.

Viewing the Andorran problem as an incident in frontier rectification, we may consider two geographical facts. In the extreme northwestern corner of Catalonia lies the Vall d'Aran, which opens on France and is cut off from Spain by snow during long winter months. Conversely, Andorra drives a wedge into Spain, opens upon Spain, and in winter is isolated from France. France would consider her boundary much better articulated if she could have both these lands. The one forms an integral part of Catalonia, while the other is Catalan by race, language, custom and historical attraction. Now, France is not at all reassured by the ambitious program of expansion which is part of the Catalan movement. The Catalans have never forgotten that much that was once Catalonia was taken from them by France. Nor have they, after all these centuries, abandoned hope of getting some of that land back. At this moment they are reaching out for the sympathy of the southern French provinces by a cultural appeal, the chief point of which is the revival of the Provençal, Languedoc, Gascon and other Occitan languages, all next of kin to the Catalan. The intensification of Catalan activity in the Catalan-ruled Vall d'Aran is an advance toward France. Catalan penetration into Andorra would be another. To counteract these movements France has pursued its own policy of penetration into Andorra.

Nor is it to be overlooked that Andorra has a strategic importance as providing France with a new gateway through the Pyrenees. The control of gateways through the Pyrenees is of high importance to France in view of the Mediterranean question. Most observers agree that in case of a Mediterranean war France would like to move troops to and from Morocco via Spain. Again, France does not ignore the fact that Andorra, left to itself, could be a dangerous center of enemy activity. Nor is Andorra without its economic importance in French eyes, for it is rich in timber, water and iron. Finally, French capital, controlling the power company, is interested there.

The extremer phases of French activity in Andorra would seem to have been checked by the firm position taken by Spain, who has made it clear that she has an equal interest there with France and that the balance of power must be maintained. It is therefore likely that Andorra's continued existence as a quasi-independent buffer state stands guaranteed under the increased vigilance of her two big neighbors.

But it is inevitable that Andorra shall lose that feudal character which has made it a living museum of Europe's past: inevitable that it adapt itself more and more to the ways of its neighbors. Its internal régime offers the greatest immediate problem. New conditions demand that the haphazard government of the past, which took a complete vacation during nearly six months of the spring and winter, be changed for one more efficient. Can these peasants rise to the emergency with sufficient promptitude? If not, further intervention by the co-Princes is likely. Just what kind of intervention, cannot be foretold; but observers and even some Andorrans are already discussing the suitability of the naming by the lords of a governor to act until such time as the people offer proof of a capacity to govern themselves along modern lines.

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SOME RECENT BOOKS ON INTERNATIONAL RELATIONS

By William L. Langer

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General: Political and Legal

PEACE AND WAR. By GUGLIELMO FERRERO. New York: Macmillan, 1933, 244 p. $3.25.

A collection of addresses and essays by a well-known historian.

THE SCIENCE OF PEACE. By LORD RAGLAN. London: Methuen, 1933, 165 p. 3/6.

An unconventional and rather too clever discussion of the war problem and possible roads to peace.

THE WORLD CRISIS AND THE PROBLEM OF PEACE. By SHRIKRISHNA DATTATREYA CHITALE. Poona: International Book Service, 1933, 230 p.

An impassioned attack on imperialism and a critique of efforts made to ensure peace and disarmament. The suggestions for a better world organization are unimpressive.

THE WORLD SINCE 1914. By WALTER CONSUELO LANGSAM. New York: Macmillan, 1933, 2nd. ed. 757 p. $4.00.

A useful general text, covering the war, the peace, the League, and the post-war scene in individual countries.

DEMOKRATIE UND WAHLRECHT. By F. A. HERMENS. Paderborn: Schöningh, 1933, 186 p. M. 8.

A thorough scholarly investigation along sociological lines of the relation of proportional representation to the mechanism of parliamentary government. In brief scope the author reviews the systems and experiences of England, France and Germany.

BRITISH YEARBOOK OF INTERNATIONAL LAW. New York: Oxford University Press, 1933, 268 p. $5.50.

The latest edition of a well-known annual.

THE POSITION OF STATES BEFORE NATIONAL COURTS. By ELEANOR WYLLYS ALLEN. New York: Macmillan, 1933, 345 p. $4.50.

In this study, made under the auspices of the Bureau of International Research, the author sets out to examine the actual practice of the courts of Continental Europe and then to analyze the decisions of recent years. She brings out the changing measure of immunity and the growing influence of economic activities. There is no uniform practice among the courts of the Continent in this matter, and the author doubts the feasibility of an international convention.

THE INTERPRETATION OF TREATIES BY JUDICIAL TRIBUNALS. By YI-TING CHANG. New York: Columbia University Press, 1933, 196 p. $2.75.

A documented analysis of cases before international and in some instances national courts. A useful survey of current practice.

THE TERMINATION OF MULTIPARTITE TREATIES. By HAROLD J. TOBIN. New York: Columbia University Press, 1933, 321 p. $4.00.

Another technical monograph in the series "Studies in History, Economics and Public Law."

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DAS ULTIMATUM IM MODERNEN VÖLKERRECHT. By Hans Asbeck. Berlin: Rothschild, 1933, 88 p. M. 3.60.

A careful review of recent uses of the ultimatum and a consideration of its position in international relations.

LES ACTES DIPLOMATIQUES CONSIDERÉES COMME ACTES DU GOUVERNEMENT. By G. Schlosser. Paris: Domat-Montchrestien, 1933, Fr. 25.

A theoretical discussion of an important aspect of diplomatic intercourse.

A COLLECTION OF THE DIPLOMATIC AND CONSULAR LAWS AND REGULATIONS OF VARIOUS COUNTRIES. Edited by A. H. Feller and Manley O. Hudson. Washington: Carnegie Endowment, 1933, 2 v. $5.00.

An important reference book.

THE LEAGUE YEAR-BOOK 1933. By Judith Jackson and Stephen King-Hall. New York: Macmillan, 1933, 468 p. $4.50.

The second annual edition of a useful manual. In addition to the analysis of the League's structure there is a good review of League activities during the past year.

THE LEAGUE OF NATIONS AND THE RECOGNITION OF STATES. By Malbone W. Graham. Berkeley: University of California Press, 1933, 79 p. $1.00.

A study of the way in which the Peace Conference and the League of Nations modified the pre-war doctrine of the recognition of states.

LA POLITIQUE ET LA JURISPRUDENCE DE LA SOCIÉTÉ DES NATIONS DU DÉBUT DE 1932 AU DÉBUT DE 1933. By J. Ray. Paris: Sirey, 1933, 102 p. Fr. 15.

The counsellor of the Japanese Embassy in Paris summarizes recent changes — the development of the Assembly at the expense of the Council, the reorganization of the Secretariat, the handling of the Anglo-Persian dispute, the Pact of Rome.

LA COOPERATION INTERNATIONALE. Paris: Alcan, 1933, 213 p.

A series of lectures on economic, military and diplomatic aspects of the problem, delivered at the *École des Sciences Politiques*.

THE BLOODY TRAFFIC. By Fenner Brockway. London: Gollancz, 1933, 288 p. 3/6.

A sensational book on the activities of munitions manufacturers, which generally are hard to trace. The author makes out a strong case, pointing out the international connections of the manufacturers, their practice of supplying weapons to governments hostile to their own, their systematic encouragement of war-scares and preparedness campaigns, their use of bribery and manipulation of the press, and their work behind the scenes at disarmament conferences.

CRY HAVOC! By Beverley Nichols. New York: Doubleday, 1933, 275 p. $2.50.

Another noteworthy book which covers much the same ground as the preceding. The author, however, goes beyond the exposure of the evils of armament manufacture and presents an impassioned plea for pacifism. A vivid survey of the nature of modern war leads him to the conclusion that patriotism is an unmitigated evil, the propagation of which must be stopped at the source by the abolition of children's tin soldiers and the elimination of "drum and trumpet" history from the school curriculum.

LA CONVENTION DE VARSOVIE ET LES RÈGLES DU TRANSPORT AÉRIEN INTERNATIONAL. By V. S. Blanc-Dannery. Paris: Pedone, 1933, 112 p. Fr. 20.

Primarily an analysis of the recent agreement on the subject.

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General: Economic

DEMOCRACY, DEBTS AND DISARMAMENT. By Walton Newbold. New York: Dutton, 1933, 375 p. $3.00.

Neither democracy nor disarmament comes in for much discussion in this book, which, however, has an interest of its own. The writer, well-versed in the history of finance, was for some years a communist Member of Parliament and served on the Macmillan Committee to investigate the working of the gold standard. The volume in hand is essentially a plain-spoken history of modern international finance, with special reference to its political implications. Anyone interested in international affairs will find it instructive, even if one dislikes the author's communist leanings and his conviction that the capitalist system has run itself into the ground.

INTERNATIONAL ECONOMICS. By R. F. Harrod. New York: Harcourt, 1933, 211 p. $1.25.

A reëxamination of the theories of foreign trade and currency, written in the classical tradition.

WORLD RESOURCES AND INDUSTRIES. By Erich W. Zimmermann. New York: Harper, 1933, 842 p. $5.00.

An important scholarly treatment of the world's resources in agriculture and industry, with a discussion of their relative importance and the degree and method of exploitation. A veritable mine of information.

THE ECONOMIC TENDENCIES OF TO-DAY. By Stephen Viljoen. London: King, 1933, 251 p. 10/6.

An informative book about population changes and trends, business organization, occupational shifts, etc.

THE MACHINE UNCHAINED. By Leo Hausleiter. New York: Appleton-Century, 1933, 376 p. $3.00.

A German economist retraces the steps that have led to the "crisis of plenty," analyzes the present difficulties and expresses his faith in a liberal capitalism.

INFLATION. By Donald B. Woodward and Marc A. Rose. New York: McGraw, 1933, 165 p. $1.50.

A non-technical historical and analytical survey of British and American monetary history.

FORWARD FROM CHAOS. By A. P. Young. London: Nisbet, 1933, 188 p. 6/.

A somewhat sanguine scheme and plea for world planning on a non-socialist basis.

INTERNATIONAL TRADE. By Barrett Whale. New York: Holt, 1933, 256 p. $1.25.

An introductory survey, in the "Home University Library" series.

LES ASPECTS NOUVEAUX DU PROTECTIONNISME. By Jules Lautman. Paris: Rivière, 1933, 187 p. Fr. 25.

A review of recent developments together with a consideration of the whole theory of autarchy.

KAPITALISMUS, BOLSCHEWISMUS, FASCHISMUS. By W. Andreae. Jena: Fischer, 1933, 222 p. M. 9.

A popular survey of the nature and working of these systems, with stress on the accomplishments of the Italian *Stato Corporativo*.

OUR PRESENT DISCONTENTS. By Collin Brooks. New York: Holt, 1933, 333 p. $2.75.

One of the editors of the *Financial News* writes a good-natured critique of the involved teachings of the professional economists and offers a plea for a return to a system of greater freedom.

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DIE PRODUKTIONSWIRTSCHAFTLICHE INTEGRATION EUROPAS. By H. Gaedicke and G. von Eynern. Berlin: Junker und Dünnhaupt, 1933, 179 p. M. 10.

The authors discuss the possibility of a federation of productive Powers, and the relation of the industrial center of Europe to the outlying agrarian areas.

GRUNDZÜGE EUROPÄISCHER HANDELSPOLITIK ZWISCHEN DEN BEIDEN WELTWIRTSCHAFTSKONFERENZEN. By E. Respondek. Berlin: Heymann, 1933, 207 p. M. 11.50.

An authoritative review of the League's work in the direction of tariff reform, and of the new restrictive regulations introduced in many states.

DIE WELTWIRTSCHAFT DER BAUMWOLLE. By P. Loenig and A. Zelle. Berlin: Springer, 1933, 180 p. M. 20.50.

A general discussion of the cotton industry, with a survey of conditions in the producing countries.

THE TOURIST MOVEMENT. By F. W. Ogilvie. London: King, 1933, 244 p. 12/6.

A detailed technical analysis of a neglected phase of international economic relations.

The United States

THE CONQUEST OF A CONTINENT. By Madison Grant. New York: Scribners, 1933, 393 p. $3.00.

Described as the first racial history of the United States, or indeed of any nation, this book purports to show this country as the product primarily of Protestant Nordic effort, and argues that this heritage should not be impaired or diluted by the entrance of "alien" values and peoples. Science submerged by opinion.

WATCHING THE WORLD GO BY. By Willis J. Abbot. Boston: Little, Brown, 1933, 358 p. $3.00.

Recollections of American politics and journalism in the service of a variety of masters over a period of fifty years, by the editor of the *Christian Science Monitor.*

AMERICA SELF-CONTAINED. By Samuel Crowther. New York: Doubleday, 1933, 340 p. $2.00.

Mr. Crowther, assigned the case for economic self-sufficiency, covers it in the usual emphatic journalistic style and with complete self-assurance.

THE ROOSEVELT REVOLUTION. By Ernest K. Lindley. New York: Viking, 1933, 328 p. $2.50.

Not serious history, but a narrative of developments since the advent of the new administration as recorded by a newspaper man in close touch with Roosevelt during the last five years.

RECENT CHANGES IN THE RECOGNITION POLICY OF THE UNITED STATES. By John L. McMahon. Washington: Catholic University, 1933, 139 p. $1.25.

A timely survey of United States policy, three chapters of which deal with Russian recognition.

CHANTIERS AMÉRICAINS. By André Maurois. Paris: Gallimard, 1933, 189 p. Fr. 10.

A sympathetic Frenchman's account of changes in American economic and social habits during the crisis.

THE UNITED STATES AND THE SOVIET UNION. New York: The American Foundation, 1933, 279 p.

A valuable report by the "Committee on Russian-American Relations," reviewing the whole problem of Soviet recognition and supplying data on the debt question, the propaganda issue and trade aspects.

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The World War

FIFTY YEARS OF EUROPE. By J. A. Spender. New York: Stokes, 1933, 436 p. $5.00.

Essentially a reconsideration of the problem of pre-war diplomacy as it emerges from the extensive documentary publications of the past years, recorded in a rather subjective manner by a well-known British publicist.

BRITISH DOCUMENTS ON THE ORIGINS OF THE WAR, 1898–1914. Edited by G. P. Gooch and Harold Temperley. Volume IX. The Balkan Wars. Part I. The Prelude; the Tripoli War. London: H. M. Stationery Office, 1933, 873 p. 17/6.

This latest volume of the important series of British documents traces the development of the situation in the Balkans from 1909 to the outbreak of the Balkan Wars in the autumn of 1912.

PAPERS RELATING TO THE FOREIGN RELATIONS OF THE UNITED STATES. 1918. Supplements I (two volumes) and II (one volume). Washington: Government Printing Office, 1933, $1.50 each.

The latest volumes of the American papers on the war period, containing, among other matters, much of interest on peace proposals, the relations of the government to the Czech and Jugoslav national movements, Latin American and Far Eastern affairs, and trade relations.

DER WELTKRIEG, 1914–1918. Volume IX. Berlin: Mittler, 1933, M. 24.

The German official history continues the narrative and study of the operations of the year 1915.

THE OFFICIAL HISTORY OF AUSTRALIA IN THE WAR OF 1914–1918. Volume VI. London: Australia House, 1933, £1 1/.

The subject here treated is the Australian expeditionary force in France.

WAR MEMOIRS. By David Lloyd George. Boston: Little, Brown, 1933, v. 1 & 2, $4.00 each.

The Liberal leader here throws discretion to the winds and says what he really thinks about persons and policies. The work would have attracted more attention ten years ago than it will today, after so many other personal and official documents have appeared in print. These two volumes of a projected four cover the period 1914 to 1916. In the first, Lloyd George bitterly criticizes the Grey policy of secret arrangements with France, also Kitchener in particular and Allied strategy in general. He gives here, too, a detailed account of his activity in directing the supply of munitions. The second volume deals much in personalities, often bitingly, and also traces the progress of American neutrality. Despite their polemics and tendency to indulge in hindsight, the books form a valuable contribution to the history of the period during which its author played so prominent a rôle.

GESPRÄCHE MIT VERANTWORTLICHEN. By Hans Roger Madol. Berlin: Universitas, 1933, 181 p.

A German journalist's record of conversations with prominent pre-war statesmen like Berchtold, Caillaux, Paléologue, Schoen, Cambon and Tsar Ferdinand.

FROM SERAJEVO TO THE RHINE. By Arminius. London: Hutchinson, 1933, 287 p. 18/.

The translation of a rather sensational discussion of Allied and German commanders.

MON AMBASSADE EN RUSSIE SOVIÉTIQUE. By Joseph Noulens. Paris: Plon, 1933, 292 p. Fr. 18.

The interesting reminiscences of the French ambassador who followed Paléologue at Petrograd in 1917.

LONDRES. By Paul Morand. Paris: Plon, 1933, 334 p.

Recollections of the outbreak of the war, by a French novelist attached at that time to the French Embassy in London.

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ADMIRAL SCHEER. By A. von Trotha. Lübeck: Coleman, 1933, 44 p.
A brief appreciation of the great German seaman, by a close associate.

SLANTING LINES OF STEEL. By E. Alexander Powell. New York: Macmillan, 1933, 314 p. $2.50.
Recollections of a well-known American correspondent and publicist during the World War.

ADMIRAL VON HIPPER. By Hugo von Waldeyer-Hartz. London: Rich and Cowan, 1933, 276 p. 20/.
The translation of a good biography of one of the leading German naval commanders.

TANK WARFARE. By F. Mitchell. London: Nelson, 1933, 320 p. 3/6.
A popular account of the tanks and their rôle.

MINENWERFER IM GROSSKAMPF. By Theodor Spiess. Munich: Lehmann, 1933, M. 3.80.
The first systematic study of mine-throwing in the war, based upon German official sources.

THE PARIS FRONT. By Michel Corday. London: Gollancz, 1933, 396 p. 18/.
A smart diary of the war years in Paris, by a French official.

U-BOOTE VOR NEW YORK. By Adolf Beckmann. Stuttgart: Franckh, 1933, 54 p. M. 2.50.
A participant's account of the crossing of the Atlantic by the German submarines.

TESTIMONIANZE STRANIERE SULLA GUERRA ITALIANA. By A. Alberti. Rome: Le Forze Armate, 1933, 297 p. L. 18.
An impressive account of Italian intervention and participation in the war, based upon official sources and upon the evidence of Italy's allies and enemies. The volume serves to strengthen the Italian claims.

LA MARINA ITALIANA IN GUERRA. By N. Morabito. Milan: Marangoni, 1933, 398 p. L. 10.
A general survey of Italy's naval war, by a naval officer.

MUSTAFA KEMAL ÜBER DIE DARDANELLENKÄMPFE IM WELTKRIEG. By Ruren Essef. Graz: Leykam, 1933, 63 p. M. 2.10.
The German translation of a Turkish account of the Dardanelles combat and Mustafa's part in it. An interesting contribution.

MEIN MILITÄRISCHER WERDEGANG. By Erich Ludendorff. Munich: Ludendorffs Verlag, 1933, 189 p. M. 4.
Recollections of the German army and the author's career, interspersed with cutting remarks about his associates.

Western Europe

HISTORY OF EUROPE IN THE 19TH CENTURY. By Benedetto Croce. New York: Harcourt, 1933, 375 p. $3.50.
This book offers something new and very much needed in the literature of nineteenth century history. It is not a text-book in the American sense, but is based largely on a series of lectures delivered by the eminent Italian philosopher and historian a few years ago. One chapter originally appeared in Foreign Affairs. Croce makes no attempt at a detailed narrative of events, but tries rather to give a broad synthesis of the main currents in European life, with special emphasis on the intellectual movements and the social development. His viewpoint is of course that of the nineteenth century liberal, but this does not imply that the book is one-sided, for he possesses the true critical faculty and the rare ability to see events in the larger setting.

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THE INTELLIGENT MAN'S REVIEW OF EUROPE TO-DAY. By G. D. H. Cole and Margaret Cole. New York: Knopf, 1933, 665 p. $3.00.

An ambitiously detailed yet sweeping historical, economic and political survey of Europe, by well-known British socialist writers.

THE EXPERIMENT WITH DEMOCRACY IN CENTRAL EUROPE. By Arnold J. Zurcher. New York: Oxford University Press, 1933, 328 p. $2.50.

This is a timely survey of the post-war political scene in Germany, the Succession States and the new states that emerged from the former Russian Empire. The writer does not attempt an analysis nation by nation, but discusses in various chapters such matters as the nature of the new constitutions, the problem of federalism, the electorate and representation, the position of the executive, and minority rights.

WAR UNLESS —. By Sisley Huddleston. London: Gollancz, 1933, 288 p. 5/.

A well-known newspaper man surveys the present situation in Europe, concludes that war is inevitable unless the question of revision is frankly faced, and discusses ways and means of bringing revision about.

AMITIÉS ÉTRANGÈRES. By Henry Bordeaux. Paris: Plon, 1933, Fr. 15.

A disjointed collection of travel impressions and interviews by a well-known French writer.

KINGS IN WAITING. By Herbert Vivian. London: Hamish Hamilton, 1933, 304 p. 10/6.

An unbridled attack upon the European governments, and the findings of an *enquête* in many parts of Europe designed to show the urgent need for monarchical restorations.

L'UNION EUROPÉENNE. By Manuel. Paris: Sirey, 1933, 289 p. Fr. 40.

A serious study of the problem of European union.

DIE REVISION MARSCHIERT. By Walter Hagemann. Berlin: Heymann, 1933, 67 p. M. 2.50.

A survey of new world political and economic forces, followed by a discussion of the possibilities of revision.

VOM SINN DER GEGENWART. By Hans Eibl. Vienna: Braumüller, 1933, 423 p. M. 10.

A noteworthy book, written by an Austrian professor with philosophic grasp and great earnestness. He reviews the whole "Great German" problem and Germany's position under the peace treaties.

WELTKRIEG, NIEDERGANG UND AUFBRUCH DER DEUTSCHEN NATION. By Georg Hanke. Langensalza: Beetz, 1933, 134 p. M. 2.50.

Wholly in the Nazi spirit; a book designed as a general text in the new history curriculum.

VON MARX ZU HITLER. By Wilhelm Bockelmann. Munich: Eher, 1933, 128 p. M. 2.85.

The triumph of good over evil.

MY BATTLE. By Adolf Hitler. Boston: Houghton, Mifflin, 1933, 297 p. $3.00.

A much-needed English translation of the revealing biography and program of the Leader. It should be noted, however, that the original has been abridged in translation and has been modified to meet in part the susceptibilities of a foreign audience.

VOM 30 JANUAR ZUM 21 MÄRZ. By Erich Czech-Jochberg. Leipzig: Das Neue Deutschland, 1933, 151 p.

The epic of Hitler's rise to power, by a writer who may be described as an official historian of the party.

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DAS JUNGE DEUTSCHLAND WILL ARBEIT UND FRIEDEN. By Adolf Hitler. Berlin: Liebheit und Theisen, 1933, 71 p. Pf. 50.

Recent speeches of the Leader, with a preface by Dr. Goebbels, Minister of Public Enlightenment and Propaganda.

DEUTSCHLANDWENDE. EUROPAWENDE. WELTWENDE. By B. Peters. Worms: Missions-Buchhandlung, 1933, 119 p. M. 3.30.

The German Revolution means the end of French preponderance and the beginning of German leadership, which in turn means a last period of grace for western civilization.

JAHRE DER ENTSCHEIDUNG. By Oswald Spengler. Munich: Beck, 1933, 165 p. M. 3.20.

The well-known writer warns the new Germany that the struggle has hardly begun and that the cheering had better be reserved for the victories over Bolshevism that have still to be won.

DEUTSCHE GESCHICHTE ALS RASSENSCHICKSAL. By K. Zimmermann. Leipzig: Quelle und Meyer, 1933, 177 p. M. 3.20.

A new official history text, embodying the racial interpretation of the Nazis.

GERMANY ENTERS THE THIRD REICH. By Calvin Bryce Hoover. New York: Macmillan, 1933, 243 p. $2.50.

An American professor, author of a useful book on Soviet Russia, describes the economic and social factors which contributed to Hitler's success, and attempts to appraise the Hitler economic program in so far as it has yet been revealed. Not to be missed by those who want to understand the origins of the Third Reich.

BROWN BOOK OF THE HITLER TERROR. New York: Knopf, 1933, 360 p. $2.50.

A scathing indictment of the Hitler régime, published under communist auspices and in parts clearly colored. The treatment of the Reichstag fire is the most interesting and convincing part of the book.

THE GERMAN REVOLUTION. ITS MEANING AND MENACE. By Joseph King. London: Williams and Norgate, 1933, 151 p. 2/6.

An account of German developments since the war, with emphasis on Hitler's rise and the course of the revolution.

HITLER SANS MASQUE. By Michel Gorel. Paris: Tallandier, 1933, Fr. 12.

An unvarnished biography.

REICHSMINISTER DR. GOEBBELS. By Willi Krause. Leipzig: Humann und Schulze, 1933, 58 p. M. 2.

A popular glorification of the Nazi propagandist-in-chief.

HERMANN GÖRING. By Martin von Sommerfeldt. Berlin: Mittler, 1933, 77 p. M. 1.50.

Of the same order as the preceding.

LEBEN UND KAMPF DER BRAUNEN BATAILLONE. By Wulf Bley. Berlin: Union, 1933, 96 p. M. 2.80.

An exuberant account of the life and deeds of the Nazi shock-troops.

GERMANY, TWILIGHT OR NEW DAWN? Anonymous. New York: McGraw, 1933, 226 p. $2.00.

This is a good book on the Nazi Revolution and the course of events since the beginning of the year. The writer, an anonymous German, condemns the excesses of Hitler and has no sympathy for the Jew-baiting. He points out, quite justly, that the policy of the extremists has outraged many Germans in Germany. At the same time he tries to see things in the larger perspective and to say something of the striving of the German people for unity, equality and economic salvation.

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L'OMBRE DE LA PAIX. By Arno Moyzischewitz. Paris: Emile-Paul, 1933, Fr. 15.
A sensational document on German nationalism.

L'ALLEMAGNE TOUJOURS ARMÉE. By Paul Darcy. Paris: Éditions des Portiques, 1933, Fr. 15.
The author gives the widespread French patriotic view of Germany's military status.

DIE MILIZFRAGE IN DEUTSCHLAND VON 1848 BIS 1933. By G. Nikolaus. Berlin: Junker und Dünnhaupt, 1933, 196 p. M. 8.50.
A review of the militia problem as it has confronted Germany in modern times.

GLEICHBERECHTIGUNG. LES REVENDICATIONS ALLEMANDES DE L'ÉGALITÉ DES DROITS. By Raymond Dronne. Paris: Sirey, 1933, 158 p. Fr. 30.
Primarily an analysis of the legal basis of the German claims.

THE RATIONALIZATION MOVEMENT IN GERMAN INDUSTRY. By Robert A. Brady. Berkeley: University of California Press, 1933, 466 p. $5.00.
A thorough analysis of the principles of German planning, its operation in key industries, and the results obtained.

DEUTSCHER GEIST IN OESTERREICH. Edited by K. Wache. Munich: Parcus, 1933, 412 p. M. 7.50.
Essays on Austrian political, economic and cultural life, with a discussion of the *Anschluss* problem.

THE ITALIAN CORPORATIVE STATE. By Fausto Pitigliani. London: King, 1933, 293 p. 15/.
An important and fundamental work, being an historical and analytical study of the economic structure of the new Italy and its working to date.

THE MENACE OF FASCISM. By John Strachey. New York: Covici-Friede, 1933, 272 p. $2.25.
A somewhat hysterical book in which Fascism is pictured as the last defense of the capitalist system.

MUSSOLINI E I CESARI. By G. Viganoni. Milan: Ultra, 1933, 240 p. L. 12.
A comparative historical study.

TEMPESTAD, CALMA, INTRIGA Y CRISIS. EL DERRUMBAMIENTO DE LA MONARQUIA. By Emilio Mola. Madrid: Bergua, 1933, Pes. 12.
The concluding volume of the valuable memoirs of the last chief of police of the Spanish monarchy. The period here covered is from the end of the Rivera dictatorship to the collapse.

LA RIVOLUZIONE DI SPAGNA. By N. Pascazio. Rome: Nuova Europa, 1933, 478 p. L. 15.
A full-length account of the Spanish overturn.

THE SPANISH REPUBLIC. Anonymous. London: Eyre and Spottiswoode, 1933, 151 p. 3/6.
A strongly anti-republican survey of the events of the past two years, containing some interesting material.

EL PROBLEMA PENINSULA. By Joaquim Cases-Carbó. Barcelona: Librería Catalónia, 1933, Pes. 15.
A voluminous argument for a federal Iberia to include Portugal.

Eastern Europe

LES NOUVEAUX ÉTATS DE LA BALTIQUE. By Henri de Montfort. Paris: Pedone, 1933, 320 p. Fr. 20.
A study of the constitutional and political arrangements of the new states.

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ULEVAADE EESTI VABADUSSÕJAST. By Jaan Maide. Tallinn: Kaitseliidu Kirjastus, 1933, 448 p.

A history of the Estonian war of independence, 1918–1920.

LA POLOGNE. SA VIE ÉCONOMIQUE ET SOCIALE PENDANT LA GUERRE. By Marcel Handelsman. New Haven: Yale University Press, 1933, 627 p. $4.50.

The first volume of a large-scale study in the Carnegie series, written with the assistance of a number of Polish and French experts. Despite the title, this first volume deals largely with the development of the Polish question during the war and with military activities from 1914 to 1920.

A PHILOSOPHIC APPROACH TO COMMUNISM. By Theodore Brameld. Chicago: Chicago University Press, 1933, 242 p. $2.50.

Primarily an analysis of the writings of the leading Marxists, with an attempt to explain the relationship between the doctrine of acquiescence and the activity of revolution.

LENIN: A BIOGRAPHY. By Ralph Fox. London: Gollancz, 1933, 320 p. 5/.

A straightforward biography, by an admirer, best on the period before 1917.

LA REVOLUTION RUSSE. By F. Grenard. Paris: Colin, 1933, 390 p. Fr. 30.

A general history of the overturn, written in an understanding fashion by an eye-witness.

WORLD REVOLUTION AND THE U. S. S. R. By Michael T. Florinsky. New York: Macmillan, 1933, 278 p. $2.00.

This is an interesting analysis of the theory of the world revolution, together with a sketch of its history and evolution under the Bolshevik régime. The author's conclusion is that the present rulers of Soviet Russia have abandoned their efforts at world revolution in order to devote their strength to consolidating the revolution at home.

ON GUARD FOR THE SOVIET UNION. By Maxim Gorky. New York: International Publishers, 1933, 173 p. $1.50.

Essays on intellectual and cultural aspects of the communist régime, by one of its most eminent supporters.

HAMMER AND SICKLE. By Mark Patrick. London: Elkin Mathews, 1933, 243 p. 7/6.

A calm survey of the contemporary scene in Russia, serving to deflate the pretensions of the system and the Five Year Plan and make further concessions appear inevitable.

THE GREAT OFFENSIVE. By Maurice Hindus. New York: Smith and Haas, 1933, 368 p. $3.00.

The author here continues his narrative of the Russian experiment begun in his earlier books. It is a stock-taking of achievements at the close of the first Five Year Plan and the beginning of the second, including economic, political and social aspects.

DAS ROTE IMPERIUM. By F. A. Kramer. Munich: Kosel and Pustet, 1933, 213 p. M. 4.80.

An investigator of the chief Russian industrial centers comes to the conclusion that the reality of achievement under the Five Year Plan is still far from the original ideal.

UN FASCISTA AL PAESE DEI SOVIET. By P. M. Bardi. Rome: Edizione d'Italia, 1933, 169 p. L. 10.

General impressions of present-day Russia.

MODERN RUSSIA. By Louis Segal. London: Industrial Credits, 1933, 169 p. 5/.

A glorification of Russian planning, with special reference to the results of the Five Year Plan.

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ELECTRONIC REPRODUCTION PROHIBITED

KTO UPRAVLIAET ROSSIEI? By Alexandrov. Berlin: Parabola, 1933, 414 p.
An historical and theoretical analysis of the Bolshevik system and the doctrines of Stalinism.

FIRST TO GO BACK. By Irina Skariatina. Indianapolis: Bobbs, 1933, 316 p. $2.75.
The impressions of a Russian noblewoman, distinctly favorable to the new régime.

SUMMARY OF THE FULFILMENT OF THE FIRST FIVE YEAR PLAN FOR THE DEVELOPMENT OF THE NATIONAL ECONOMY OF THE U. S. S. R. New York: Amkniga, 1933, 306 p. $1.25.
The official report of the State Planning Commission.

THE MOSCOW TRIAL. By A. J. Cummings. London: Gollancz, 1933, 287 p. 10/6.
A dispassionate review of the famous case.

IN THE TOILS OF THE O. G. P. U. By Karl Kindermann. London: Hurst and Blackett, 1933, 288 p. 12/6.
A translation of the account of one of the German students tried in 1924.

THE TRAGEDY OF RUSSIA. By William James Durant. New York: Simon and Schuster, 1933, 173 p. $1.25.
Impressions of a brief visit, by a writer on philosophy.

SOVIET ECONOMIC POLICY IN THE EAST. By Violet Conolly. New York: Oxford University Press, 1933, 180 p. $2.25.
A competent, compact study of Russian economic policy and activity in Turkey, Persia, Afghanistan, Mongolia, etc., with some attention to the effects of the Five Year Plan.

ČESTA DEMOKRACIE. By T. G. Masaryk. Edited by Vasil Shrach. Prague: Čin, 1933, 530 p. Kč. 70.
A collection of speeches and essays by the President of Czechoslovakia, together with documents of the years 1918–1920, forming a sort of supplement to the statesman's "Making of a State."

MAFIE V ROZMACHU. By Jan Hajšman. Prague: Orbis, 1933, 445 p. Kc. 56.
The second volume of a valuable contribution to the history of the Czech revolutionary movement in the years 1917–1918.

THE HISTORY OF THE BALKAN PENINSULA. By Ferdinand Schevill and Wesley M. Gewehr. New York: Harcourt, 1933, 621 p. $5.00.
The revised edition, brought up to date, of the best general history of the Balkans available in English.

DIE ADRIAFRAGE. By Josef März. Berlin: Vowinckel, 1933, 352 p. M. 6.75.
A geo-political treatment of the Adriatic area, with some discussion of economic, racial and historical aspects.

LES ENEMIS DE LA PAIX. LA HONGRIE APRÈS LE TRAITÉ DE TRIANON. By Georges Desbons. Paris: Rivière, 1933, 210 p.
An outspoken criticism of the Trianon Treaty and a demonstration of its dangers to European peace.

LA HONGRIE MYSTÉRIEUSE. By G. Gobron. Paris: Rivière, 1933, 312 p. Fr. 25.
Another attack upon the Treaty of Trianon, together with an indictment of the policy of the Little Entente.

AVANTI MAGIARI! By G. Cucchetti. Bolzano: Brennero, 1933, 237 p. L. 10.
An Italian champions the Magyar cause.

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DEJINY NARODA BULHARSKÉHO. By F. Hýbl. Prague: Historický Klub, 1930, 2 v., Kč. 80.

One of the best histories of Bulgaria, with due stress upon the social, cultural and economic aspects.

LA DETTE PUBLIQUE EXTÉRIEURE EN BULGARIE. By Theodore S. Kosaroff. Paris: Sirey, 1933, 338 p. Fr. 50.

A substantial scholarly treatment, covering the period from 1878 to 1932.

The British Commonwealth of Nations

THE FOREIGN OFFICE. By Sir John Tilley and Stephen Gaselee. London: Putnam, 1933, 335 p. 7/6.

A much-needed history, full and authoritative.

SAILORS, STATESMEN AND OTHERS. By J. M. Kenworthy. London: Rich and Cowan, 1933, 332 p. 18/.

An excited autobiography by a former British naval officer whose unconventionality of view and expression often wins him a place in the limelight.

POLITICAL SALVATION, 1930–1932. By Sir Warden Chilcott. London: Benn, 1933, 159 p.

A reprint of articles by a British business man and politician who was one of the first and most insistent champions of a "national" as against a "party" government.

ANGLETERRE CONTRE LA PAIX. By Édouard Caraguel. Paris: 240 p. Fr. 15.

Data on Britain's perfidious policy, intended to wake up Frenchmen to a realization of their dangerous position.

PERFIDE ALBION. By Jean Bardanne. Paris: Baudiniere, 1933, Fr. 10.

Along the same lines as the preceding.

LA CRISE DE LA MONNAIE ANGLAISE. By Catiforis. Paris: Sirey, 1933, 202 p. Fr. 30.

A technical study of Britain's monetary problem and the steps taken to solve it.

DIE ENGLISCHE PRESSE. By Kurt von Stutterheim. Berlin: Duncker, 1933, M. 5.

Written by the former London correspondent of the *Berliner Tageblatt* — an excellent historical and analytical study of the British press.

THE STATUTE OF WESTMINSTER. By K. C. Wheare. New York: Oxford University Press, 1933, 128 p. $2.00.

A competent and convenient review of the constitutional structure of the British Commonwealth, with special reference to recent developments.

CANADIEN. By Wilfrid Bovey. London: Dent, 1933, 292 p. 10/6.

A delightful if somewhat uncritical apologia for the French Canadian and his culture.

NATIVE ADMINISTRATION IN THE UNION OF SOUTH AFRICA. By H. Rogers. London: Routledge, 1933, 388 p. 12/6.

A technical study.

THE KEY TO FREEDOM AND SECURITY IN INDIA. Anonymous. New York: Oxford University Press, 1933, 297 p. $2.25.

A dispassionate reconsideration of the Indian constitutional problem, based on the fundamental idea of continued Anglo-Indian coöperation.

THE INDIAN TANGLE. By Sir Albion Rajkumar Banerji. London: Hutchinson, 1933, 287 p. 7/6.

A moderate but critical restatement of the Indian problem, by a high official.

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INDIA ANALYSED. Volume I. International. London: Gollancz, 1933, 192 p. 5/.
Various authoritative writers deal with India and the League, the international aspects of the constitutional problem, India's position in the Empire, etc.

The Near East

MEDITERRANEAN MEDLEY. By Captain Lionel Dawson. London: Rich and Cowan, 1933, 255 p. 15/.
Memories of the immediate post-war period, touching chiefly on British naval activities in the Black Sea.

PALÄSTINA WIE ES WIRKLICH IST. By H. Herrmann. Vienna: Fiba, 1933, 412 p. M. 3.80.
A detailed descriptive work, with special emphasis on the work of the Zionists.

BESIDE GALILEE. By Hector Bolitho. New York: Appleton-Century, 1933, 206 p. $2.50.
A well-known English writer's diary of a visit to Palestine, containing a realistic estimate of present conditions and problems.

IBN SA'UD, THE PURITAN KING OF ARABIA. By Kenneth Williams. London: Cape, 1933, 299 p. 8/6.
A good general account of the Wahabis and the rise of Ibn Sa'ud, though the writer does not disclose much that adds to our knowledge.

The Far East

VÖLKER UND MÄCHTE IM FERNEN OSTEN. By Heinrich Schnee. Berlin: Deutsche Bücher-Gemeinschaft, 1933, 365 p. M. 4.70.
Impressions of travel in the Far East, by the famous German colonial administrator who was a member of the Lytton Commission.

OSTASIEN IN DER KRISE. Stuttgart: 1933, 80 p. M. 3.
A collection of lectures by experts on geography, economics and politics.

DANGEROUS THOUGHTS ON THE ORIENT. By F. R. Eldridge. New York: Appleton-Century, 1933, 219 p. $2.50.
The author of this volume was formerly chief of the Far Eastern Division of the Bureau of Foreign and Domestic Commerce. Provoked by the talk of sanctions to force the retreat of Japan from the mainland of Asia, he set himself the task of presenting the other side of the case. His book, which is written with candor and in a lively style, hinges chiefly on a review of the Japanese position in the world and upon a survey of China's relations with the other nations. Some of his statements are obviously open to debate. The general conclusion reached is that Japan has been motivated in her Manchurian policy by the urgent pressure of economic factors and that, in view of this situation, no amount of legal hair-splitting, no long-range action by the League of Nations, no boycotts and no moralizing is apt to be of any avail.

DER STREIT UM DIE MANDSCHUREI. By Franz Michael. Leipzig: Universitäts-Verlag, 1933, 101 p. M. 5.
A purely legal study of Chinese and Japanese claims to the three eastern provinces.

INTERNATIONAL LAW IN THE SHANGHAI CONFLICT. By J. Shinobu. London: Routledge, 1933, 277 p. 5/.
Another technical treatise on the recent crisis.

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SPECIAL CORRESPONDENT. By A. R. Lindt. London: Cobden-Sanderson, 1933, 292 p. 10/6.

A racy account of adventures in Manchuria and Mongolia, with a survey of present conditions and problems.

FAR EASTERN FRONT. By Edgar Snow. New York: Smith and Haas, 1933, 351 p. $3.75.

The Manchurian and Shanghai clashes interpreted by the Shanghai correspondent of the United Press.

NATIVE EDUCATION. CEYLON, JAVA, FORMOSA, THE PHILIPPINES, FRENCH INDO-CHINA AND BRITISH MALAYA. By H. A. Wyndham. New York: Oxford University Press, 1933, 274 p. $3.50.

A volume in the series "Problems of Imperial Trusteeship," published under the auspices of the Royal Institute of International Affairs.

Latin America

VIVA VILLA! By Edgcumb Pinchon. London: Cassell, 1933, 383 p. 12/6.

A full-length biography of the Mexican leader, by a writer who sees him as a patriot fighting foreign landed interests.

THE CRIME OF CUBA. By Carleton Beals. Philadelphia: Lippincott, 1933, 408 p. $3.00.

A scathing indictment of American dollar diplomacy in Cuba and of the whole Machado régime.

MEN OF MARACAIBO. By Jonathan Leonard. New York: Putnam, 1933, 287 p. $2.50.

A general account of conditions and personalities in present-day Venezuela.

SOUTH AMERICAN MEMORIES OF THIRTY YEARS. By E. F. Every. New York: Macmillan, 1933, 210 p. $3.00.

Recollections of an Anglican bishop, touching on missionary problems but also on political and general social developments.

SOUTH AMERICA: LIGHTS AND SHADOWS. By Kasimir Edschmid. New York: Viking, 1933, 408 p. $5.00.

The translation of an interesting German travel book dealing with Peru, Bolivia, Argentina, Brazil and Chile.

HAITIAN DIRECTORY. Edited by André Fils-Aimé. New York: Consulate General of Haiti, 1933, 226 p. $2.25.

A handbook giving economic, historical and business data.

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By Denys P. Myers

PUBLIC DOCUMENTS OFFICIALLY PRINTED

Documents may be procured from the following: *United States:* Gov't Printing Office, Superintendent of Documents Washington, D. C. *Great Britain:* British Library of Information, 270 Madison Ave., New York. *France:* Gerda M. Anderson, 12 Ave. Ernest Reyer, Paris XIV°. *League of Nations, Int. Labor Office, Perm. Court of Int. Justice* and *Int. Institute of Agriculture:* World Peace Foundation, 40 Mt. Vernon St., Boston. Washington imprints are Government Printing Office and London imprints are His Majesty's Stationery Office, unless otherwise noted. Since 1928 a list of Government documents has been printed in the *Monthly List of Books Catalogued in the Library of the League of Nations.*

ALASKA

REPORT of the Commission to Study the Proposed Highway to Alaska 1933. Washington, 1933. 116 p. maps. 23¼ cm. (The Department of State, Conference Series No. 14, Publication No. 474.) 25 cents.

AMERICAN STATES, SEVENTH INTERNATIONAL CONFERENCE

PROGRAM and Regulations of the Seventh International Conference of American States. To assemble at Montevideo, Uruguay, in December 1933. Adopted by the Governing Board of the Pan American Union. Washington, 1933. 9 p. 26½ cm.

REPORT on the Activities of the Pan American Union 1928–1933. Submitted to the Governments, members of the Pan American Union by the Director General in accordance with a resolution of the Fifth International Conference of American States. Washington, 1933. 66 p. 23½ cm.

SEVENTH International Conference of American States. SPECIAL HANDBOOK for the Use of Delegates. Washington, 1933. 23½ cm.

A series of projects submitted by the Executive Committee of the American Institute of International Law as contributions to the study of various topics of the program "pursuant to a resolution of the Governing Board of the Pan American Union" has been circulated. Among these are:

CODIFICATION of Public International Law. Project of Declaration on Rights and Duties of States. Topic 6a of the Program. . . . Washington, 1933. 5 p. 27 cm.

PRELIMINARY PROJECT on the Creation of an International American Commission of Conciliation Submitted . . . as a Contribution to the Study of Topic 2a of the Program. . . . Washington, 1933. 5 p. 27 cm.

PROJECT on Ratification of Conventions Submitted . . . as a Contribution to the Study of Topic 5 of the Program. . . . Washington, 1933. 2 p. 27 cm.

ARMAMENT CONFERENCE

RECORDS of the Conference for the Reduction and Limitation of Armaments. Series B. Minutes of the General Commission. Volume II. December 14, 1932–June 29, 1933. (Pages ix–xix and 207–643.) Geneva, 1933. 33 cm. (League of Nations, 1933. IX. 10.)

AVIATION

AGREEMENT between the Air Ministry of the United Kingdom and the Austrian Federal Ministry for Commerce and Communications regarding Air Communications, Vienna, December 14, 1932. London, 1933. 6 p. 24½ cm. (Treaty Series No. 35 (1933) Cmd. 4435.) 1d.

PILOT Licenses to Operate Civil Aircraft. Arrangement between the United States of America and Sweden. Effected by Exchange of Notes Signed September 8 and 9, 1933. Effective October 9, 1933. Washington, 1933. 6 p. 23¼ cm. (Executive Agreement Series, No. 48.) 5 cents.

PROTOCOLS relating to Amendments to Articles 3, 5, 7, 15, 34, 37, 40, 41 and 42 and to the Final Clauses of the Convention Relating to the Regulation of Air Navigation of October 13, 1919, Paris, June 15, 1929/December 11, 1929. London, 1933. 17 p. 23¼ cm. (Treaty Series No. 33 (1933) Cmd. 4423.) 3d.

RECIPROCAL Recognition of Certificates of Airworthiness for Imported Aircraft. Arrangement between the United States of America and Sweden. Effected by Exchange of Notes Signed September 8 and 9, 1933, Effective October 9, 1933. Washington, 1933. 4 p. 23¼ cm. (Executive Agreement Series, No. 49.) 5 cents.

BOUNDARY DELIMITATION

EXCHANGE of Notes between His Majesty's Government in the United Kingdom and the Belgian Government in regard to the Delimitation of the Boundary between Northern Rhodesia and the Belgian Congo, London, April 4/May 3, 1927. London, 1933. 17 p. 24½ cm. (Treaty Series No. 23 (1933) Cmd. 4382.) 3d.

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BUOYAGE

COMMUNICATIONS and Transit Organisation. Report of the Preparatory Committee on the Unification of BUOYAGE Rules. Geneva, 1933. 9 p., diagrams, chart. 33 cm. (League of Nations, C. 465. M. 238. 1933. VIII. 3.)

ORGANISATION for Communications and Transit. Report of the Preparatory Committee on the Unification of Buoyage Rules. Appendix, Proposals and Observations of Governments. Geneva, 1933. 53 p., charts. 33 cm. (League of Nations, C. 465. M. 238. 1933. VIII. 3. Appendix.)

CENTRAL AMERICA

SALVADOR. Ministerio de relaciones exteriores. El Tratado general de paz y amistad suscrito por las repúblicas de Centro América en Wáshington el 7 de febrero de 1923, y el proceso de su denuncia por el gobierno de El Salvador . . . San Salvador, El Salvador, C. A., Imprenta nacional [1933] 106 p.

CHINESE COURT AT SHANGHAI

CHINESE COURTS in the International Settlement at Shanghai. Agreement Extending the Duration of the Agreement and Attached Notes of February 17, 1930, by Diplomatic Representatives in China of the United States of America, Brazil, France, Great Britain, Netherlands, and Norway, with the Minister for Foreign Affairs of China. Effected by Exchange of Notes Signed February 8, 11, and 12, 1933, and Unilateral Declaration Renewing the Unilateral Declaration of February 17, 1930. Signed February 8, 1933. Washington, 1933. 5 p. 23¼ cm. (Executive Agreement Series, No. 45.) 5 cents.

CLAIMS

TRIPARTITE Claims Commission (United States, Austria, and Hungary). Final Report of Commissioner and Decisions and Opinions (October 15, 1929). Washington, 1933. 202 p. 23 cm.

CLAIMS Commission between Great Britain and MEXICO. Further Decisions and Opinions of the Commissioners in accordance with the Conventions of November 19, 1926, and December 5, 1930, between Great Britain and the United Mexican States Subsequent to February 15, 1930. London, 1933. 362 p. 24½ cm. 5s. 6d.

DOCKET Nos. 8103, 8117, et al. Before the Mixed Claims Commission United States and Germany. Organized Under the Agreement of August 10, 1922, Between the United States and Germany. The United States of America on Behalf of Lehigh Valley Railroad Company, Agency of Canadian Car and Foundry Company, Limited, American Underwriters, et al., v. Germany. Oral Arguments. Washington, November 21–25, 1932. Washington, 1933. 284 p. 23¼ cm.

COMMERCIAL POLICY, UNITED KINGDOM

AGREEMENT and Protocol between the Government of the United Kingdom and the Government of DENMARK relating to Trade and Commerce, London, April 24, 1933 (with Exchange of Notes of May 17, 1933). London, 1933. 31 p. 23¼ cm. (Treaty Series No. 34 (1933) Cmd. 4424.) 6d.

EXCHANGE of Notes between the Government of the United Kingdom and the Government of ESTONIA regarding Commercial Relations, London, July 15, 1933. London, 1933. 5 p. 24½ cm. (Treaty Series No. 27 (1933) Cmd. 4392.) 1d.

COMMERCIAL Agreement between the Government of the United Kingdom and the Government of FINLAND, With Protocol, Helsingfors, September 29, 1933. London, 1933. 55 p. 23¼ cm. (Finland No. 1 (1933) Cmd. 4425.) 1s. 0d.

EXCHANGE of Notes between His Majesty's Government in the United Kingdom and the LATVIAN Government relating to Commercial Relations, London, July 6, 1933. London, 1933. 6 p. 24½ cm. (Treaty Series No. 25 (1933) Cmd. 4384.) 1d.

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Tome I. Propositions transmises au Bureau international pour être soumises à la conférence. Propositions, notes, déclarations, études, remarques soumises pendant la Conférence. xvi, 939 p.

Tome II. Travaux de la Conférence (délibérations, actes définitifs). lii, 1521 p.

The instruments negotiated at this conference consolidate the systems of international control for telegraphy, telephony, radiotelegraphy, radiotelephony and broadcasting.

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——— Summary of Replies. Geneva, 1933. 3 p. 33 cm. (League of Nations, A. 24 (a). 1933. IV. 4.)

A diplomatic conference summoned by the Fourteenth Session of the Assembly drew up and opened the final text of the Protocol.

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CONFERENCE of Wheat Exporting and Importing Countries. Held in London at the Offices of the High Commissioner for Canada, from August 21 to 25, 1933. Final Act signed at London, August 25, 1933, with Appendices and Minutes of Final Meeting. Geneva, 1933. 9 p. 33 cm. (League of Nations, C. 511. M. 256. 1933. II. B. 4.)

The Final Act entered into effect August 25, 1933.

WORLD WAR

BRITISH Documents on the Origins of the War 1898–1914. Edited by G. P. Gooch, D.Litt., F.B.A., and Harold Temperley, Litt.D., F.B.A. Vol. IX. The Balkan Wars. Part I. The Prelude; The Tripoli War. London, 1933. lxxvi. 873 p. 27½ cm. 17s. 6d.

DOCUMENTS Diplomatiques Français (1871–1900. Tome V. (23 février 1883–9 avril 1885). Paris, Imprimerie Nationale, 1933. xxxvii. 690 p. 27¼ cm. (Ministère des affaires Étrangères. Commission de publication des documents relatifs aux Origines de la Guerre de 1914.)

PAPERS Relating to the Foreign Relations of the United States. 1918. Supplement 2. The World War. Washington, 1933. lxxix, 862 p. 23½ cm. (Publications of the Department of State, No. 476.) $1.50 (cloth).

This volume completes the publication of United States diplomatic documents on the war.

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FOREIGN AFFAIRS

AN AMERICAN QVARTERLY REVIEW

AMERICAN FOREIGN POLICY IN A NATIONALISTIC WORLD

By William E. Borah
United States Senator from Idaho

With Introductory Remarks by
Norman H. Davis
and Concluding Remarks by
John W. Davis

SPECIAL SUPPLEMENT TO VOL. 12, No. 2

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The address delivered by the Honorable William E. Borah, United States Senator from Idaho, before the Council on Foreign Relations in New York on January 8, 1934, is here reprinted as a supplement to the January 1934 issue of FOREIGN AFFAIRS. *Also included are the introductory remarks of the Honorable Norman H. Davis, American Ambassador-at-Large, Vice-President of the Council on Foreign Relations, and the concluding remarks of the Honorable John W. Davis.*

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FOREIGN AFFAIRS

Vol. 12 SPECIAL SUPPLEMENT No. 2

INTRODUCTORY REMARKS

On the occasion of the address by the Honorable William E. Borah, United States Senator from Idaho, before the Council on Foreign Relations, New York, January 8, 1934.

By Norman H. Davis

THIS age in which we are living is more remarkable and more interesting in many respects than any preceding period of history. Never before has there been such progress in science and industry, such a vast increase in material wealth, or such a high level of general education. And yet, in spite of this, the world is today in an exceedingly unsettled condition economically, socially, psychologically and politically. The depression, which began over three years ago, and from which there are now promising evidences of recovery, was international in origin and no nation escaped from its effects. It brought home to us the fact that the nations have become so interdependent that what happens in one or more countries affects the others. Since many of the troubles in various nations today are mainly international in origin and scope, and since the interdependence of nations has become so complete that isolation is no longer possible or desirable, it is somewhat difficult to account for the wave of intense nationalism that has been sweeping the world.

Fear is, of course, the chief cause of extreme nationalism and the chief obstacle to a solution of some of the difficulties that now confront us. All nations are seeking security, not only of life but of livelihood. As a result there is a growing tendency on the part of every country to divorce itself from external ties and influences and to seek its salvation independently of its neighbors if not, indeed, at their expense. If this tendency continues to grow as at present, it will, I fear, not only create new problems but make more difficult the solution of some of the old ones.

In facing the situation that exists today, it does us no good to look back regretfully and long for the good old days. The development of communication, of trade, and of means of attack on land, on sea, under the sea, and from the air, has changed our environment. We are on this earth today. Our children will be on it tomorrow. What can we do to make our lot and theirs safer and happier than that of the generation which knew the horrors of the Great War?

Of one thing we may be certain. The American people want peace. They do not want to be drawn into another war and they are opposed to any agreements which would commit them to go to war. How best to avoid war is not, however, such a simple matter. We may recall that the United States did not have any entangling alliances or commitments with any European power in 1914, and I trust we never will have any such entanglements. Nevertheless,

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our freedom from any commitments and our effort to maintain a position of neutrality did not prevent us from being forced in 1917 to abandon neutrality and enter the war that was then raging in Europe.

The fact that we were drawn into the World War, although we had no entangling alliances and although we had proclaimed our neutrality, must be kept in the forefront of our minds in considering our present policy in the light of past experience and in the light of changed physical conditions.

In my opinion it should be possible for the United States, which has a vital interest in world peace and stability, to coöperate in an endeavor to promote peace and solve such questions of international concern as can only be dealt with effectively by concerted effort, and to do this without sacrificing our independence of judgment and our freedom of action.

Within the modest limits of my ability I have been endeavoring, in furtherance of the aims of the President, to help mitigate prevailing fears and to find more rational ways of promoting security than by piling up aggressive armaments, which create political tension between neighboring nations and impose an undue burden on world economy. I continue to hope that definite progress can be made. Indeed, the growing pressure of nationalism has begun to force the issue in making plain to the peoples most vitally concerned the alternatives which they face of either preparing to destroy each other by conflict or of endeavoring to save themselves by coöperation. I agree wholeheartedly with President Roosevelt that the vast majority of the peoples are in favor of disarmament and a peaceful settlement of international controversies. It is for the statesmen to find the means of giving effect to the will of mankind.

The prospect of a world of ultra-nationalistic nations provides serious problems for those who conduct the foreign relations of the United States. It is, therefore, a great satisfaction to the Council on Foreign Relations to have this opportunity to hear the views of a statesman like Senator Borah on this question. As former Chairman of the Foreign Relations Committee of the Senate, and at present the ranking Republican member of that Committee, he has for many years had much to do with questions relating to our foreign policy. He represents a section of the country and of public opinion that we in the East ought to know much more about. Those who may not always find themselves in accord with the views of Senator Borah cannot but admire his ability, his courage and his independence of thought.

Since this is the first time we have had the honor to greet Senator Borah as our guest, I should like, as Chairman this evening, to say a word to him about ourselves. The Council on Foreign Relations is a non-partisan body of American citizens of many professions and interests. We are bound together by our desire to study, without passion or prejudice, the position of the United States in world affairs, in the hope of contributing toward a reasoned American foreign policy. We believe in enlightenment, but not in propagating any particular point of view. Hence we like to hear all points of view. That is the policy which is followed by our quarterly review, FOREIGN AFFAIRS. The public, both here and abroad, has sensed this policy and has come to regard that review as the leading publication of its kind in the world. Independence and sincerity are the hallmark of real research, and we like to feel that it is imprinted on all our work.

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AMERICAN FOREIGN POLICY IN A NATIONALISTIC WORLD

By William E. Borah

I AGREE entirely with the views expressed by the Chairman as to the objects and services of this association. Those of us who have not had the opportunity of being your guest, and thus coming in closer contact with you, nevertheless know of your work. We greatly respect it. I think the Chairman is quite correct in saying that your publication is looked upon by all men as the highest and best expression of opinions on all sides of the questions which touch foreign affairs. It is both a pleasure and an honor to be your guest this evening. I express my appreciation of the remarks of the Chairman, whom I have known for many years and whose ability and disinterestedness I deeply respect.

The strong tendency of all revolutions is to break entirely with the past. A new world is to be created. A new start must be made. What men have thought before is unimportant, perhaps harmful. The efforts they have put forth, the sacrifices they have made, are to be regarded as without value. Traditions and policies which have become interwoven with the moral and intellectual fibre of a people, the habits, customs, and mode of living, the institutions they have reared at great cost of money and blood, are in revolutionary times sought to be rejected and forever put aside. Books and symbols are burned or in some way destroyed. This is the revolutionary ideal. But fortunately, it is never realized. Fortunately, the wealth — material, moral, intellectual — gathered through centuries of effort, cannot be destroyed. No revolutionary movement can wholly escape the living past. Tradition, after all, does not yield to revolutionary decrees. Experience will have a hearing. Reflection and the inexorable nexus of things bring men back to take up the broken threads, mend them if possible, preserve that which is best, separate things which are fugitive from things which are permanent, and then go forward with that patient building which is the true and dependable method of permanent advancement.

Washington, in his immortal farewell address, said: "The great rule of conduct for us in regard to foreign nations, is, in extending our commercial relations, to have with them as little political connection as possible. . . . Europe has a set of primary interests which to us have none, or a very remote, relation. Hence, she must be engaged in frequent controversies, the causes of which are essentially foreign to our concerns. . . . Why quit our own to stand upon foreign ground? Why, by interweaving our destiny with that of any part of Europe, entangle our peace and prosperity in the toils of European ambition, rivalship, interests, humor, or caprice?" Thomas Jefferson stated the same principle with greater brevity, declaring: "Peace, commerce and honest friendship with all nations — entangling alliances with none."

This policy thus announced remained the unchallenged and revered policy of this nation for one hundred and twenty-odd years. Whatever differences of view may have arisen in most recent years, none were found, and none will be

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found, I venture to believe, to question the wisdom of this policy at the time it was announced or for more than a century thereafter. Without it, the Republic could not in all probability have withstood the ordeal of those formative years. It was an indispensable part of the scheme of free government. Together with the declaration of independence, the treaty of peace, and the Constitution of the United States, this policy made up the title deeds to our liberty and the guarantees of our independence.

There were giants in the land in those days, men of deep insight into government, of profound convictions, for which convictions they were always willing to contend and for which they did contend. But in all their contentions, upon this first great announcement as to our foreign policy there was no division. And down through the fierce years of political warfare in which men fought with the relentless ardor of great souls over almost every conceivable question of statecraft or politics, upon this policy they were united. Behind it for more than a century was the combined support and loyalty of this masterly group of men, the only body of men in all history who successfully organized, set up, and maintained a real representative Republic.

It was under this policy that we grew in strength and influence, settled our domestic problems, brought prosperity and happiness to our own people, and won and held the respect of all nations. Under this policy we announced the doctrine of neutrality and maintained it. We announced the Monroe Doctrine and saw to it that it was respected. In the midst of civil war, we sternly rebuked those who would interfere in our domestic affairs and our position was tremendously strengthened by the policy of non-interference with their affairs which we had always unwaveringly maintained. The influence of this Republic was felt throughout the world, not because of armies or navies, but rather through the force of example — we lived up to our creed, peace, commerce and friendship with all nations. We were not hated, we were not reviled because we had not done more, and, though alone, we were not afraid.

The World War brought about for the first time a wide difference of opinion touching the foreign policy of the United States. Since that time it has been earnestly and ably contended that our foreign policy, so long a part of our national life, was no longer applicable to conditions brought about by that great conflict, and that it should be abandoned once and for all. With this program was to go that part of international law relating to neutrality. We were to assume a position in world affairs the very reverse of that which we had held from the beginning of the government. We were not only to accept full part and responsibility in the adjustment of all questions of international import — and they were practically all of that nature — which should arise in Europe or in the Orient, but even in the remotest regions of the earth. We were never to assume the "immoral" position of neutrals. Nationalism and devotion to one's country were to be reduced to a minimum. Internationalism was to be the supreme, dominating force among the peoples of the world. Like other revolutions, it sought to break with all the past, its traditions, its policies, and the views and teachings of its mighty leaders.

In this revolutionary movement were two groups of individuals — working to the same end but in quite different ways. There were those who sincerely believed that the new course was the high and honorable and most beneficial

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course to pursue. They entertained the hope, if not the belief, that the Great War had wrought deep and lasting changes in the minds and hearts of the people of the world and that they were now ready to accept a wholly new theory of nationalism. It seemed to be their theory that war had brought all peoples into a more kindly, brotherly relationship — that in this awful baptism of blood peoples had found a new life and were henceforth to be guided by a new spirit. That those views were, and perhaps still are, sincerely entertained by many people no one can doubt.

There was another group of individuals having a large part in this program, not admirable in many respects, willing to surrender our foreign policy but not quite willing, in the face of what seemed an unsettled public opinion, to say so outright.

Hence, began that shambling, equivocal policy which found expression in a multitude of reservations and all kinds of explanations, none of which nor all of which would have preserved the foreign policy which, like Peter of old, they professed to love but would not own in the hour of crucifixion. Following the period of reservations and the consolations which seemed to flow therefrom there came into international affairs a strange figure known as the "unofficial observer," always gentlemen of high character, but always, by reason of their commission from their government, required to act as a kind of international spy, going about over the continents listening in on other peoples' business. I say "other peoples' business," because had it been our business, we should have been there in the person of a duly appointed and authorized agent of the government assuming full responsibility with all other participants. This practice brought discredit to our government, impeached before the world our sincerity, and had a tendency at least to degrade the revered policy of Washington to the level of the fugitive discretion or whims of an international interloper. Whatever happens in the future, let's be rid once and for all of this un-American and humiliating policy, if you may call that a policy, which policy has none. Wherever we go or wherever we disclose an interest, let us go as full participants and assume full responsibility with the other participants in the conference. One may personally respect, though he differs with, those who insist that our long-established policy has become obsolete and give their reasons in support thereof, although one may be permitted, I trust, to recall Chancellor Thurlow's remark in reference to the reasons given by his friend, Scott. But this shuffling, uncertain, apologetic attitude toward our American policy and toward the other peoples of the earth and nations of the world can excite nothing less than derision, if not the contempt, of all true Americans and all sincere and candid men everywhere.

The hopes entertained that the war was to give us a new world have in no sense been realized. One of the ablest of those who entertained this hope, noted for his breadth of mind and candor of thought, has recently declared: "During the 1920's I held the conviction firmly that the world was to experience a period of great international coöperation in every field. . . . Looking at the world today one may still hope but certainly must question the soundness of that vision of the 1920's." No less illuminating are the words of Mr. Ramsay MacDonald, spoken only a short time ago. He declared that he was "looking upon a stage with something moving immediately behind the footlights," —

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"an ominous background full of shadows and uncertainties," and that confidence between nations was more lacking than ever. There is something moving behind the footlights — it is the inevitable forces of national life which often elude detection until they have begun to write their decrees.

In respect to international matters, the world has not changed, the Orient has not changed, Europe has not changed. The nations were never so heavily armed in peace times as in the fifteenth year after the signing of the Armistice. Nearly five billion dollars are annually extorted from impoverished peoples in preparation for another war. National frontiers in many instances are in effect battle-fronts. The issues between certain leading Powers are as inexplicable and irreconcilable as they were before the conflict began. The old system of the balance of power is again coming to dominate the European continent. Diplomatic moves bend to its delusive assurances. The Corridor, the City of Danzig, Upper Silesia, the problem of the minorities, Manchuria in the Orient, the vindictive judgments of the peace treaties, the inequality of nations, now the cornerstone of international law in Europe, all these problems, truculent and inexorable, serve to keep Europe armed and vigilant, and to warn us again and again that the reign of internationalism has not yet arrived. They are European problems arising out of conditions centuries old. The outside world cannot reach these problems. To make an attempt to do so would ignite the powder mine.

The answer to nationalism, it is insisted, is the nearness of all peoples by reason of modern invention and improved methods of transportation. Europe is now at our door, it is claimed, and Asia just around the corner. We therefore cannot be indifferent to their problems. We must have a part in all that concerns them, nearness makes their affairs our affairs. This matter of nearness seems to play strange pranks sometimes. It has certainly run counter to the expectations of many in the last twenty years, although we might have been well advised, since it had been doing the same things in crowded Europe for a thousand years. Nearness has not begotten there a common interest or a common purpose or even friendly relations. It has not mellowed the individuality of nations or fostered and strengthened the spirit of coöperation. It has not induced the belief that because of nearness there should be less of the national spirit. It has not put an end to war or rendered it less likely to occur.

On my father's farm, with no other dwelling nearer than two miles, and in some directions nearer than twenty, the doors to our home were never locked. If there was a key on the place, I never saw it. In our great apartments of today, with a multitude of families within easy reach, we have locks which lock themselves, and it is my feeling that even if these families were Japanese, Chinese, Italian, French, or Russian, instead of Americans, we would still keep the self-locking locks on the doors. Familiarity does not necessarily breed respect and propinquity does not ordinarily beget confidence. Europe is as far away today, likewise the Orient, in everything which makes for the community spirit, for social understanding, for political accord, as it was when the greatest of political philosophers, the most profound student of Europe this country has ever known, joined with the wisest of political leaders in warning the American people against entangling alliances of any kind.

It is one of the crowning glories of the world that we have different peoples

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and different nations and different civilizations and different political concepts. Standardization may be all right for cattle and sheep and swine of all kinds, but it is not applicable to peoples, or nations, and it is not in accordance with the divine economy of things.

Another revolution, therefore, has failed. It had to fail. It could not escape the living past. It did not weigh sufficiently the inertia of human nature, it underestimated the strength of those ancient prejudices and fears, as well as those ancient faiths and beliefs, the intellectual and moral paths over which men and women had trodden for centuries. The fight against nationalism has lost. It was bound to lose. It was a fight against the strongest and noblest passion, outside of those which spring from man's relation to his God, that moves or controls the impulses of the human heart. Without it civilization would wane and utterly decay. Men would sink to the level of savages. Individuality in persons is the product of the most persistent and universal law of nature. It is woven of millions of subtle and tireless forces. No power can change this law or frustrate its operation. This is equally true of nations. Internationalism, if it means anything more than the friendly coöperation between separate, distinct, and wholly independent nations, rests upon a false foundation. And when undertaken, it will fail as in the name of progress and humanity it should fail.

Out yonder in the sad bean fields of Manchuria, empty formula met reality, internationalism encountered nationalism, and the pathetic results are recorded in the great disappointment of many wise men. In an old Greek tragedy you will find this line: "Alas! How dreadful to have wisdom where it profits not the wise."

Nationalism, pride and love of country, is a passion, peculiar to no people, indispensable to the welfare of all. To undertake its destruction is madness. To foster it, cultivate it, direct its finer qualities along high and honorable and peaceful lines, as exemplified in the precepts and examples of Washington, Jefferson, Jackson, and Lincoln, with countless other names that will readily come into your memory, is the highest mission, the noblest calling, in which men and women associated with public affairs can engage and to which a free people can devote their aims and consecrate their energies.

Its maintenance has cost blood. So has religion. It has entailed suffering beyond the power of words to paint. So have all the creeds and faiths of men. But it is worth all it has cost. Ask the Polish people, taking a single instance from the crowded pages of history. Frederick the Great, in his old age writing to Voltaire, said: "Now that Poland has been settled with a little ink and a pen, the 'Encyclopedia' cannot declaim against mercenary brigands." That was when they divided Poland. But Poland had not been settled by a little ink and a pen. Physically dismembered, her national spirit lived on. Homeless, as it were, it appeared upon every battlefield for liberty and fought for the oppressed in every land under the heavens. Without a country of its own, this Polish spirit of nationalism made the land of the downtrodden among all peoples its home. When the World War came, near two hundred years had intervened since the crime was committed. But there was no stronger feeling of nationalism anywhere to be found than in this dismembered country. And like a ghost of retribution, it pursued those who had inflicted what was sup-

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posed to be a mortal wound to their utter undoing. Shall we hope to achieve for the world what the despoilers sought to do with Poland? Even though we employ oceans of ink and millions of pens we cannot destroy nationalism; our effort will be just as futile as was theirs. War may spread its ruin, you may wreck the fundamental law and uproot the institutions of your country — these are but the fruits of man's efforts. But a higher power has planted in the human breast devotion to country, and all permanent progress must rest upon that basic fact.

With these intimations of my views, here I might stop. But the subject assigned to me by your spokesman calls for a more specific word. "American Foreign Policy in a Nationalistic World" was the topic assigned to me for this evening.

It is a nationalistic world, intensely so. There can be no doubt about that. Everywhere the national spirit is evoked, fostered and religiously maintained. Whatever we may think as to some of its policies and tendencies, we must admit that under its welding, cementing, driving power, different peoples have been lifted into a region of exertion and consecration nothing less than amazing. In countries where there was debility, incompetency, and utter demoralization among the masses, in this spirit of nationalism there is now strength and vigor and hope. Trampling under foot the false and feeble philosophy which would disparage the healing, uplifting power of patriotism, they sacrifice, suffer and endure and find their highest compensation in the increasing vigor, prestige and honor of their country. These conditions and these sentiments are not likely to change in the near future.

If a foreign policy should be offered to these nationalistic nations, which would not fit into, serve and augment their nationalism, it would be rejected. Such a policy was offered to Japan. It was rejected. Where would a foreign policy based upon internationalism find reception in Europe or in the Orient? Like the dove from the Ark, there would be no place for it to light. When the Security Committee of the League several years ago sought of Great Britain her views upon the terms of the Covenant, the Committee was plainly informed that Great Britain would determine for herself whether there was a breach in the Covenant and would determine for herself what, if any, action she would take in regard to the breach if it occurred. That was nationalism. Who would expect Great Britain to do anything different? And who would long respect her if she did do anything different? The invasion of the Ruhr, Corfu, the seizure of Manchuria, these things indicate rather strongly that all schemes of international coöperation must fit into national realization. Judging the future by the past, it will always be so. Europe has not changed in this respect, and I venture to say, in the interest of civilization, it is well that she has not changed. Europe, with her developing nationalism, may throw many dark shadows upon the future. But Europe, without the national spirit, would be hopeless beyond redemption. Nationalism does not necessarily of itself mean militarism or war, as shown by our own history. But whatever it means, anything is preferable to suffocation in the fetid atmosphere of national decay. National decay begins where nationalism ends.

I am far more concerned about our domestic problems than I am about our foreign affairs, although our foreign policy will greatly help or hinder the nation

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in dealing with our domestic problems. It will be a long time, I venture to believe, before there will be any necessity or any justification for the United States engaging in a foreign war. But the questions at home are imminent, they are upon us, not only those which have to do with the depression, but many which are even of a graver and more permanent nature, problems which have their roots deep down in our whole social and political structure. You would not expect a discussion of these questions this evening. It is sufficient for the purposes of the evening to merely indicate some of them. Our stupendous debt burden, public and private, some two hundred and twenty billion dollars, our constantly increasing tax burden, city, county, state and national, the chronic waste of public money, the utilities problem, conservation and proper use of our natural resources, the banking question, the money question, the question of the more equitable distribution of wealth. These, and many more problems, push now for consideration. No scheme on earth can give us permanent contentment or permanent prosperity until they are solved. Indeed, they were contributing causes of the depression.

The guarantee of our national efficiency, prestige and strength, notwithstanding the many problems with which we must deal, and certain tendencies which seem to threaten our institutions, is to be found, not alone in wise leaders but even more in a united and a wise people — united not only by constitutional forms and one flag, but united in spirit and exaltation of purpose. After all, the source of power in this country under our government is the people. If at that source there is wanting poise and judgment and devotion and wisdom, this will inevitably be reflected in unstable policies and unwise laws — the people "must nobly save or meanly lose the last best hope of earth." Our foreign policy therefore should be one best calculated to unite our own people, morally, spiritually and economically, to inspire them with a sense of national fidelity and personal responsibility.

This country has within her boundary people from almost every land under the sun, still conscious under certain conditions of the "mystic chords of memory." Every civilization has made its contribution to the American civilization. How easy to transfer the racial antipathies and political views and controversies of the Old World into our very midst. Once abandon our policy of aloofness from European controversies, and we bring these European controversies into the American home and into our national life. We are constantly warned how persistently that transfer even now takes place. Only recently the bitterness, the intensity, of a European controversy, nerved the arm and guided the hand which grasped the dagger of the assassin, not only in our very midst but under the most sacred and solemn surroundings.

Eschewing policies, therefore, which tend to keep alive former attachments and the political controversies of the Old World, we should exert to our utmost the healing, cementing power of patriotism and mold one hundred and twenty million people into one invincible, intellectual, economic and political force for the enactment and administration of just and equal laws.

In the years immediately ahead, believing that I was laying the foundation for the adjustment of all our problems, believing that I was engaged not only in saving government but in saving souls, not only preserving institutions but preserving human liberty, like Peter the Hermit with his tongue of fire, I

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would preach united national aims and ideals, I would instill anew the great truth that democratic institutions are the only hope for the personal worth, the dignity, and the individual liberty of the citizen. I would frame all laws and shape all policies, foreign and domestic, with that great end in view. In no other way can we hope for contentment and unity at home and respect and power abroad.

In conclusion, permit me to say that I believe in the foreign policy which offers peace to all nations, trade and commerce with all nations, honest friendship with all nations, political commitments, express or implied, with none — the policy which not only in fact respects the rights and sovereignties of other states and nations without distinction of great and small, and particularly upon this Continent, but which would also refrain from words or acts that would seem to challenge those rights. As an evidence of that faith, I would at the present time abandon what is known as the Platt Amendment as irritating and humiliating to Cuba and as imposing upon the United States an impossible task. Under the shelter and the inspiration of such a foreign policy I would foster and strengthen that brand of Americanism which believes in the worth, the efficiency, and grandeur of constitutional democracy, in the vigilant preservation of the personal liberty and the individual privileges of the citizen, realizing that our institutions and the whole vast scheme of democratic government depend upon our ability here on this western continent to harmonize the rapacious economic forces of the modern world with the political freedom and economic rights of the individual. Thus, armed with a sense of justice toward other nations on the one hand and a sense of duty toward our own people on the other, this nation will remain at peace with all nations who want peace, and if there be those who do not, and will not, have peace, we under such circumstances need have no fear.

There is no creed or faith, no political principle or form of government, but must at some time or other undergo attacks — and this seems to be one of the periods of challenge and general assailment. We read of a movement lately initiated in one of the leading countries of Europe to delete the Ten Commandments, presumably that part which says: Thou shalt not kill; to edit the Lord's prayer, since that perfect supplication encompasses all men regardless of race or creed; to abolish Christianity, and conform the teachings of the Nazarene to the practices and principles of their political leader. This wicked and blasphemous exhibition of diseased minds seems only a little more impious and no less vain and impotent than the persistent attacks everywhere encountered upon popular government, the right and capacity of the people to direct and manage their own political affairs. Here in this country and elsewhere, either by those who in their own land have destroyed the last vestige of personal liberty, sending to prison and to the torture chamber men and women because of race, religion or political opinions and sacrificing all rights of the people to the gratification of personal power, or by those in our own land who consult appearances rather than realities and mistake surface indications for the deep currents which move below, we hear the solemn pronouncement that popular government has failed and constitutional democracy is dead.

We need not be dismayed but we cannot be unconcerned. The right to worship according to the dictates of one's conscience, the right to freedom from

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persecution on account of race, are parts of that political liberty, that freedom from oppression which is the very life-blood of democracy. These things, together with free speech, a free press, the right of assemblage, and those guarantees the sum total of which make up the inestimable blessings of personal liberty, are the things for which democracy stands. They are the things for which we stand. And I venture to believe that we will not fail to preserve them. Looking backward and looking forward, proud of our past and confident of our future, we shall find our highest service, not only to our own people, but to mankind and to the peace of the world, in transmitting these principles unimpaired to succeeding generations. This is our supreme duty. I believe that the foreign policy of Washington and Jefferson and Lincoln will best enable us to meet and discharge that duty. I am, therefore, at all times, in periods of turbulence or in periods of calm, and without apology and without compromise, committed to the support of that foreign policy.

This, it will be said, is isolation. It is not isolation, it is freedom of action. It is independence of judgment. It is not isolation, it is free government — there can be no such thing as free government if the people thereof are not free to remain aloof or to take part in foreign wars. People who have bartered away or surrendered their right to remain neutral in war have surrendered their right to govern. In matters of trade and commerce we have never been isolationists and never will be. In matters of finance, unfortunately, we have not been isolationists, and probably never will be. When earthquake and famine, or whatever brings human suffering, visit any part of the human race, we have not been isolationists, and never will be. In all those matters and things in which a free and independent and enlightened people may have a part, looking toward amity, toward peace, and the lessening of human suffering, we have never been isolationists, and never will be. But in all matters political, in all commitments of any nature or kind, which encroach in the slightest upon the free and unembarrassed action of our people, or which circumscribe their discretion and judgment, we have been free, we have been independent, we have been isolationists. And this, I trust, we shall ever be. If there be any truth established by the experience of nations, it is this: That to accommodate your foreign policies to the demands or in the interest of other nations at the peril of your own security, is to invite contempt, and it seldom fails to earn a more substantial punishment.

In recent years much has been said, especially from abroad, about the provincial American. Those who discuss this and kindred matters modestly pay tribute to their own worth by speaking of world vision and of a wider human sympathy. One need hardly linger to discuss the subject. Regardless of what may be said by those whose purposes are apparent, let us hold fast to those political principles and foreign policies which others call provincialism but which we call Americanism. It has served us well. It fits in with our scheme of democracy. It has built a civilization whose capstone is personal liberty. It may have its faults, as what earthly scheme has not? But all the world will have to testify that in great emergencies, in sublime moments, when civilization hangs in the balance, it is wanting neither in sympathy nor in courage, and whatever faults it may possess are buried in the depth of a great unselfish and heroic purpose. It has no taste, no aptitude, for the hazardous enterprise of

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uncovering aggressors or chastising national renegades. Here in its God-ordained home between two oceans, watchful of its own interests and vigilant in the defense of its rights, it covets nothing of others save the peace and friendship of all. It does not, and it never has, shrunk from its duty to civilization. It will not disown any obligation which human liberty and human justice impose upon a free people. But it does propose, I venture to prophesy, to determine for itself when civilization is threatened, when there may be a breach of human rights and human liberty sufficient to warrant action, and it proposes also to determine for itself when to act and in what manner it shall discharge the obligations which time and circumstances impose.

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CONCLUDING REMARKS

By John W. Davis

I RISE with great pleasure to propose a vote of thanks to Senator Borah for the honor he has done us by his presence, and for the powerful and illuminating address to which we have just listened. He has stated, with an eloquence which challenges the ears of his hearers and at the same time arouses their envy, his views on the policy of the United States in its foreign contacts. And speaking, Senator, only for myself — because this is not a representative assembly — I wish to say that as an humble member of the audience here I agree textually with most of what you have said, and if I might be permitted to put my own interpretation on your statement, and might rely on the fact that dissent begins where interpretation starts, I would find it difficult to withhold my assent from it all.

You maintain that the warning of Jefferson, following Washington, against entangling alliances is still valid. So do I. You deprecate the use of that poor and unworthy diplomatic subterfuge, the unofficial observer, and I heartily join you in that sentiment. You think that nationalism still has a great part to play in the world, and that real and genuine patriotism is still one of the loftiest emotions that stirs the human breast. For myself, I would be the last to dissent from either statement. You declare that any internationalism which is not founded on the friendly coöperation of free and independent nations rests on an unsound foundation, and that the cardinal aim of our foreign policy is not isolation, but peace and commerce and friendship with all the nations of the world. That is one of the best and soundest of American traditions, let who will deny. Finally, you hold up to us the ideal of constitutional government, jealous of its own position in the world, jealous no less of the individual liberty and personal rights and privileges of its fellow-citizens. I say there never was a time when such preachment was more needed than it is needed in the United States today. It is good to listen to such things, to be called back to the fundamentals.

I think if the time should come when the views of myself and the Senator should diverge, it would be more in conclusion than in premise, and more perhaps in method than in aim. I find it difficult, for instance, to think of the foreign and domestic policies of this country as two separate or independent things. They are not; they are but interdependent parts of one great political whole. Whether those who are charged with power by their fellow-citizens are moving in the foreign or in the domestic field, they dare not permit any consideration to deflect them from the pursuit of what is best for the peace and the welfare and the happiness of the nation they serve. I do not mean that they must be blind to what is going on around them, for a man walking on a crowded street makes slow progress if he pays no attention to his fellow-travellers; and a foreign policy of having no policy is the worst foreign policy of all.

The longer I live the more I become persuaded that many of the differences between men arise out of the imperfections of our common speech. I think it was Lord Bacon who said that "the greatest sophism of all sophisms is equivocation or ambiguity of words."

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I know the Senator will not think me over-critical and certainly not discourteous if I say frankly that I am not entirely clear in my own mind as to the definition he himself would give to such terms as "internationalism," "isolation," or even that well-worn word "commitment." I take for granted that all of us, according to our lights and circumstances, are nationalists and internationalists, isolationists and contra-isolationists, and as for "commitment," the life of men and nations is made up of commitments — and commitments, too, that bind our discretion and our judgment. Every time the United States settles a boundary line, it makes a commitment. Every treaty of amity and commerce is a commitment. We went to war with Germany over what we claimed was a commitment, to wit: the law of nations giving to all neutrals the right to sail their ships upon the open seas. For my part, I would be willing to write that law on paper and sign the name of America to it, if every nation in the world would do the same. I cannot be frightened away from a treaty that I think is to the advantage of my country simply because it involves a commitment, or restrains the contracting parties from violating the letter and spirit of their bond.

I confess without apology that I was one of those who at the end of the Great War believed that the world had learned a lesson in the futility of appeal to arms, and I thought that with the roar of the vain cannons still sounding in their ears the time had come when mankind was ready to exalt reason instead of force as the arbiter of international disputes. Perhaps that was premature. When one looks around the world today, of which the Senator's picture is in no way overdrawn, it is difficult to be of a contrary opinion. Perhaps that effort would have succeeded better if the United States had been more free in its coöperation. Who knows? Men will be debating that question one hundred years from now without agreeing upon the true answer. But the dream, if it was a dream, was inspired. The effort was not ignoble. And the ideal is one to which the tired world will return again and yet again, until, by toil and strain, and if need be by further sacrifice, the end is achieved.

Senator, you have been truly told by our Chairman that this assemblage and this association is made up of many men of many minds. I think there must be before you many who are ready to agree with the word and letter of all that you have said. But I warn you that I see others here who are already preparing their reservations. And again speaking from my personal knowledge, I know there are quite a number who, if given the opportunity to speak, would be only too glad to take it out of both of us. But on one point I beg you to believe that there is no difference of opinion. All of us have listened with great pleasure to your most interesting and illuminating speech, and all of us have a sense of gratitude for the great honor that you have done us by adding the distinction of your presence to this assemblage.

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